Form 10-K

Securities and Exchange Commission

Washington, D.C. 20549

(Mark One)
[X] Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended DECEMBER 31, 1994

OR

[ ] Transition Report pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 1-1217

Consolidated Edison Company of New York, Inc.
(Exact name of registrant as specified in its charter)

New York	13-5009340
(State of Incorporation)	(I.R.S. Employer Identification No.)

4 Irving Place, New York, New York	10003
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (212) 460-4600

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Consolidated Edison Company of New York, Inc.	
$5 Cumulative Preferred Stock, without par value	New York Stock Exchange
Cumulative Preferred Stock, 4.65% Series C ($100 par value)	New York Stock Exchange

Cumulative Preference Stock, 6% Convertible Series B ($100 par value)	New York Stock Exchange
Common Stock ($2.50 par value)	New York, Chicago and Pacific Stock Exchanges

The Edison Electric Illuminating Company of New York

First Consolidated Mortgage Gold Bonds, 5%, due July 1, 1995 (non-callable)	New York Stock Exchange

Kings County Electric Light and Power Company,

Purchase Money, 6%, 99 Years Gold Bonds, due October 1, 1997 (non-callable)	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:

Title of each class

Consolidated Edison Company of New York, Inc.
Cumulative Preferred Stock ($100 par value):
- 4.65% Series D
- 5-3/4% Series E
- 6.20% Series F

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in the definitive proxy statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant, as of January 31, 1995, was $6,749,980,542. Excluded from this figure is $2,525,098 representing the market value of 89,384 shares of Common Stock held by the registrant's Trustees (directors). The registrant's Trustees are the only stockholders of the registrant, known to the registrant, who might be deemed "affiliates" of the registrant.

As of February 28, 1995, the registrant had outstanding 234,912,541 shares of Common Stock.

Documents Incorporated By Reference

Portions of the registrant's Proxy Statement for its 1995 Annual Meeting of Stockholders, to be filed with the Commission pursuant to Regulation 14A not later than 120 days after December 31, 1994, the close of the registrant's fiscal year, are incorporated in Part III of this report.

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*Incorporated by reference from the Company's definitive proxy statement for its Annual Meeting of Stockholders to be held on May 15, 1995.

PART I

ITEM 1. BUSINESS

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THE COMPANY

Consolidated Edison Company of New York, Inc. (the Company), incorporated in New York State in 1884, supplies electric service in all of New York City (except part of Queens) and most of Westchester County, an approximately 660 square mile service area with a population of more than 8 million. It also supplies gas in Manhattan, The Bronx and parts of Queens and Westchester, and steam in part of Manhattan. Most governmental customers within the Company's service territory receive electric service from the New York Power Authority (NYPA) through the Company's facilities.

In 1994, electric, gas and steam operating revenues were 80.6 percent, 14.0 percent and 5.4 percent, respectively, of the Company's operating revenues.

INDUSTRY SEGMENTS

For information on operating revenues, expenses and income for the years ended December 31, 1994, 1993 and 1992, and assets at those dates, relating to the Company's electric, gas and steam operations, see Note H to the financial statements in Item 8.

ELECTRIC OPERATIONS

ELECTRIC SALES. Electric operating revenues were $5.1 billion in 1994 or 80.6 percent of total Company operating revenues. The percentages were 81.9 and 82.4, respectively, in the two preceding years. Electricity sales in the Company's service area in 1994, including usage by customers served by NYPA and the New York City and Westchester County municipal electric agencies, but excluding sales to other utilities, increased 2.0 percent from 1993, after increasing 3.3 percent in 1993 and decreasing 2.7 percent in 1992. After adjusting for variations, principally weather, electricity sales volume increased 1.5 percent in 1994, increased 1.0 percent in 1993 and decreased 0.3 percent in 1992. Weather-adjusted sales represent the Company's estimate of the sales that would have been made if historical average weather conditions had occurred.

In 1994, 80.0 percent of the electricity sold in the Company's service area was sold by the Company to its customers, and the balance was sold by NYPA and municipal electric agencies to their customers. Of the Company's sales, 29.0 percent was to residential customers, 66.7 percent was to commercial customers, 2.7 percent was to industrial customers and the balance was to railroads and public authorities.

For further information about amounts of electric energy sold, see "Operating Statistics", below. For a forecast of electric energy sales, see "Five-Year Forecast", below.

ELECTRIC SUPPLY. The Company either generates the electric energy it sells, purchases the energy from other utilities or independent power producers (IPPs) pursuant to long-term firm power contracts or purchases non-firm economy energy.

The sources of electric energy generated and purchased during the years 1990-1994 are shown below:

	1990	1991	1992	1993	1994
Generated:					
Fossil-Fueled	59.8%	51.4%	42.3%	35.5%	30.9%
Nuclear (Indian Point 2)	13.3%	9.8%	20.4%	14.8%	18.4%
Total Generated . . .	73.1%	61.2%	62.7%	50.3%	49.3%
Firm Purchases:					
NYPA	8.1%	8.9%	4.8%	6.0%	1.3%
Hydro-Quebec	3.3%	1.9%	2.9%	4.3%	4.8%
IPPs	0.9%	1.0%	8.9%	11.9%	12.9%
Other Purchases	14.6%	27.0%	20.7%	27.5%	31.7%
Generated & Purchased . .	100%	100%	100%	100%	100%

For information about the Company's generating facilities, see "Electric Facilities - Generating Facilities" in Item 2. For information about the Company's purchases of electric energy, see "NYPA", "Hydro-Quebec", "Independent Power Producers" and "New York Power Pool", below. For further information about amounts of electric energy generated and purchased, see "Operating Statistics", below.

ELECTRIC PEAK LOAD AND CAPACITY. The electric peak load in the Company's service area occurs during the summer air conditioning season. The 1994 one-hour peak load in the Company's service area, which occurred on July 8, 1994, was 10,384 thousand kilowatts (MW), including an estimated 8,833 MW for the Company's customers and 1,551 MW for NYPA's customers and municipal electric agency customers. It is estimated that the service area peak load was reduced by 25 MW of curtailable load reduction. The record one-hour peak for the service area occurred on July 23, 1991 - 10,752 MW, including an estimated 9,229 MW for the Company's customers. The peak in 1994, if adjusted to design weather conditions, would have been 10,700 MW, 50 MW higher than the peak in 1993 and 150 MW higher than 1991's record peak, each similarly adjusted. "Design weather" for the electric system is a standard to which the actual peak load is adjusted for evaluation.

The capacity resources available to the Company's service area at the time of the system peak in the summer of 1994 totalled (before outages) 13,462 MW, of which 9,481 MW represented net available generating capacity (including the capacity of NYPA's Poletti unit) and 3,981 MW represented net firm purchases by the Company and NYPA.

For a forecast of peak load and capacity, see "Five-Year Forecast", below. For information about the Company's generating, transmission and distribution facilities, see "Electric Facilities" in Item 2. For information about the Company's plans to meet its requirements for electric capacity, see "Liquidity and Capital Resources - Electric Capacity Resources" in Item 7.

NYPA. NYPA supplies its customers in the Company's service area with electricity from its Poletti fossil-fueled unit in Queens, New York, its Indian Point 3 nuclear unit in Westchester County and other NYPA sources. Electricity is delivered to these NYPA customers through the Company's transmission and distribution facilities, and NYPA pays a delivery charge to the Company. NYPA is contractually obligated to the Company to

provide the capacity needed to meet the present and future electricity requirements of its customers, except that upon 17 years' prior notice to the Company, NYPA may elect not to provide for future growth of its customers' requirements. NYPA's Indian Point 3 nuclear unit was out of service throughout 1994, and NYPA met its capacity requirements from other sources, including firm purchases.

The Company purchases portions of the output of Poletti and Indian Point 3 on a firm basis. The Company also purchases firm capacity from NYPA's Blenheim-Gilboa pumped-storage generating facility in upstate New York. The Company and NYPA also sell to each other energy through the New York Power Pool. See "New York Power Pool", below.

HYDRO-QUEBEC. The Company has an agreement with NYPA to purchase, through a contract between NYPA and Hydro-Quebec (a government-owned Canadian electric utility), 780 MW of capacity and associated kilowatt-hours of energy each year during the months of April through October until October 31, 1998. The amount and price of a "basic amount" of energy the Company is entitled to purchase each year are subject to negotiation with Hydro-Quebec and approval by the National Energy Board of Canada, a Canadian regulatory agency. However, the capacity commitment is firm and the Company may draw upon the capacity in accordance with the contract even if the energy received by the Company exceeds the basic amount, provided the Company returns the excess energy to Hydro-Quebec during the following November-through-March period. See "Liquidity and Capital Resources - Electric Capacity Resources" in Item 7.

INDEPENDENT POWER PRODUCERS. Federal and state regulations encourage competition in the market for generation of electric power. These laws generally require electric utilities to purchase electric power from and sell electric power to qualifying IPPs. The Federal Energy Regulatory Commission (FERC) has issued rules requiring utilities to purchase electricity from all qualifying facilities at a price equal to the purchasing utility's "avoided cost." In addition, the Energy Policy Act of 1992 broadened the FERC's authority to require electric utilities to provide others with access to their transmission systems and reduced regulation of certain IPPs.

At December 31, 1994, the Company had capacity contracts with IPPs with plants in commercial operation as follows:

IPP	Site Location	Contract Capacity	Scheduled Contract Termination	Annual Capacity Payment* (millions)
Sithe/Independence Power Partners, L.P.	Scriba, NY	740 MW	2034	**
Cogen Technologies	Linden, NJ	645 MW	2017	$89.2
Selkirk Cogen Partners, L.P.	Selkirk, NY	265 MW	2014	83.9
York Warbasse	Brooklyn, NY	20 MW	2011	6.0

_____

* Represents average annual capacity-related payments for the period 1995-1999.

** This contract requires no capacity-related payments until November 1999. Capacity-related payments of approximately $5 million are estimated for the balance of 1999, with average annual capacity-related payments for the remainder of the contract estimated to be approximately $42.7 million.

For additional information about the Company's contracts with IPPs, see "Liquidity and Capital Resources - Electric Capacity Resources and Competition" in Item 7.

NEW YORK POWER POOL. The Company and the other major electric utilities in New York State, including NYPA, are members of the New York Power Pool. The primary purpose of the Power Pool is to coordinate planning and operations, including the purchase and sale of non-firm economy energy. The Company, however, is not required to purchase or sell non-firm economy energy through the Power Pool.

As a member of the Power Pool, the Company is required to maintain its capacity resources (net generating capacity and net firm purchases) at a minimum reserve margin of 18% above its peak load, and to pay penalties if it fails to maintain the required level. The Company met the reserve requirement in 1994 and expects to meet it in 1995. See "Five-Year Forecast", below.

MUNICIPAL ELECTRIC AGENCIES. Westchester County and New York City maintain municipal electric agencies to purchase electric energy, including hydroelectric energy from NYPA. The Company has entered into agreements with the County and City agencies whereby the Company is delivering interruptible hydroelectric energy from NYPA's Niagara and St. Lawrence projects to electric customers designated by the agencies. These agreements may be terminated by either party on or after December 31, 1995 upon either one year's prior notice or, in certain circumstances, upon 10 days' notice. A similar agreement, covering energy from NYPA's Fitzpatrick nuclear plant, terminates in 2003. For information on the amount of energy delivered, see "Operating Statistics", below.

GAS OPERATIONS

GAS SALES. Gas operating revenues in 1994 were $890.1 million or 14.0 percent of total Company operating revenues. The percentages were 12.9 and 12.3, respectively, in the two preceding years. Gas sales volume to firm customers increased 3.9 percent in 1994 from the 1993 level. After adjusting for variations, principally weather, firm gas sales volume to these customers increased 1.6 percent. Including sales to interruptible customers, actual sales volume increased 5.8 percent in 1994.

Natural gas is delivered by pipeline to the Company and is distributed to customers through the Company's system of distribution mains and services. For information about the Company's gas facilities, see "Gas Facilities" in Item 2.

Regulatory changes, which have resulted in the unbundling of services in the natural gas industry, are enabling users of gas to purchase gas directly from suppliers and arrange for its transportation by the appropriate pipeline and local utility companies. In December 1994, the New York State Public Service Commission issued an opinion and order regarding the emerging competitive gas market. See "Regulation and Rates - Generic Proceedings", below. During 1994, 72 large-volume customers in the Company's service territory purchased gas directly from

suppliers. The customers pay a transportation charge to the Company for delivering the gas. For information on the quantities of gas sold, transported for others and used by the Company as boiler fuel to generate electricity and steam, see "Operating Statistics" and "Fuel Supply", below.

In 1993, the Company established an unregulated subsidiary which markets gas and related services. In compliance with regulatory restrictions, the subsidiary does not market gas within the Company's gas service area.

GAS REQUIREMENTS. Demand for gas in the Company's service area tends to peak during the winter heating season. The design criteria for the Company's gas system assume severe weather conditions that have not occurred in the Company's service area since 1934. Under these criteria, the Company estimates that the requirements to supply its firm gas customers, together with the minimum amount essential for its electric and steam systems, would amount to 72,600 thousand dekatherms (mdth) of gas during the 1994/95 winter heating season and that gas available to the Company would amount to 91,800 mdth. For the 1995/96 winter, the Company estimates that the requirements would amount to approximately 74,900 mdth and that the gas available to the Company would amount to approximately 92,100 mdth. As of March 14, 1995, the 1994/95 winter peak day sendout to the Company's customers was 702 mdth, which occurred on February 6, 1995. The Company estimates that, under the design criteria, the peak day requirements for firm customers during the 1995/96 winter season would amount to approximately 855 mdth and expects that it would have sufficient gas available to meet these requirements.

GAS SUPPLY. The Company has contracts for the purchase of firm transportation and storage services with seven interstate pipeline companies. The Company also has contracts with twelve pipeline and non-pipeline suppliers and three Canadian suppliers for the firm purchase of natural gas. The Company also has interruptible gas purchase contracts with numerous suppliers and interruptible gas transportation contracts with interstate pipelines. Based on its current projections of demand and prices for gas and oil, the Company expects for at least the next several years to be able to supply its firm gas customers' requirements, maintain an adequate inventory of storage gas and meet most of the requirements of its large-volume interruptible customers. Gas Operations also purchases gas for the Company's electric and steam generating stations.

STEAM OPERATIONS

STEAM SALES. The Company sells steam in Manhattan south of 96th Street, mostly to large office buildings, apartment houses and hospitals. In 1994, steam operating revenues were $342.5 million or 5.4 percent of total Company operating revenues. The percentages were 5.2 and 5.3, respectively, in the two preceding years. Steam sales volume increased 4.4 percent in 1994 from the 1993 level. After adjusting for variations, principally weather, steam sales increased 0.6 percent.

STEAM SUPPLY. 72 percent of the steam sold by the Company is produced in the Company's electric generating stations, where it is first used to generate electricity. For information about the Company's steam facilities, see "Steam Facilities" in Item 2.

STEAM PEAK LOAD AND CAPABILITY. Demand for steam in the Company's service area tends to peak during the winter heating

season. The one-hour peak load during the winter of 1994/95 (through March 14, 1995) occurred on February 6, 1995 when the load reached 11.3 million pounds. The Company estimates that for the winter of 1995/96 the peak demand of its steam customers would be approximately 12.4 million pounds per hour under design criteria, which assume severe weather.

On December 31, 1994, the steam system had the capability of delivering about 13.8 million pounds of steam per hour. This figure does not reflect the unavailability or reduced capacity of generating facilities resulting from repair or maintenance. The Company estimates that, on a comparable basis, the system will have the capability to deliver approximately 13.2 million pounds of steam per hour in the 1995/96 winter.

CAPITAL REQUIREMENTS AND FINANCING

For information about the Company's capital requirements and financing, the refunding of certain securities and the Company's securities ratings, see "Liquidity and Capital Resources" in Item 7.

Securities ratings assigned by rating organizations are expressions of opinion and are not recommendations to buy, sell or hold securities. A securities rating is subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

For a forecast of certain operating and financial data, see "Five-Year Forecast", below.

FUEL SUPPLY

GENERAL. In 1994, 31.7 percent of the electricity supplied to the Company's customers was obtained by the Company through economy purchases of energy produced from a variety of fuels. Of the remaining 68.3 percent, which was either generated by the Company or obtained through long-term firm purchases of energy (see "Electric Operations", above), on the basis of British thermal units (Btu) consumed, oil was used to generate 9.0 percent of the electricity, natural gas 34.5 percent, nuclear power 19.3 percent, hydroelectric power 4.6 percent, and refuse 0.9 percent. The fuel used to produce steam during 1994 was 70.8 percent oil and 29.2 percent natural gas.

A comparison of the cost, in cents per million Btu, of fuel used by the Company to generate electricity and steam during the years 1990-1994 is shown below:

	1990	1991	1992	1993	1994
Residual Oil	398	355	345	348	349
Distillate Oil	558	491	501	499	467
Natural Gas	283	288	285	286	255
Nuclear	63	50	43	37	42
Weighted Average . . .	297	281	232	229	215

The Company is prohibited from using fuels that do not conform to the requirements of the New York State air pollution control code and, in the case of its in-City plants, the New York City air pollution control code. In the City, the Company is not permitted to burn coal or to burn residual fuel oil having a sulfur content of more than 0.3 percent.

RESIDUAL OIL. Based on anticipated consumption rates, the

Company has an adequate supply of residual fuel oil for its generating stations and the Company's shares of generating capacity at the Roseton and Bowline Point stations jointly-owned by the Company and other utilities. See "Electric Facilities" in Item 2. Oil consumption rates vary widely from month to month. The oil burned at Company facilities in 1994, including the Company's shares of generating capacity at Roseton and Bowline Point, totaled 11.3 million barrels. The Company has contracts for oil supply that have staggered termination dates and has options for additional oil supply sufficient to cover all of its expected requirements for residual oil through September 1995. The Company anticipates covering the balance of its 1995 requirements through new contracts, exercise of existing contract options and purchases on the spot market.

The Company estimates that more than 90 percent of its residual oil originates from foreign sources of crude oil. Supplies could be jeopardized by events such as the oil embargo imposed in 1973 or the 1979 supply disruption resulting from the revolution in Iran. The Company experienced no supply interruption during the 1991 Persian Gulf hostilities.

NATURAL GAS. During 1994, the Company burned approximately 110,900 mdth of gas for the production of electricity and steam, including 18,500 mdth attributable to the Company's share of generating capacity at the Roseton and Bowline Point stations. Burning gas instead of oil reduced the Company's 1994 fuel oil requirements by about 17.8 million barrels. The Company expects to continue to have substantial amounts of gas available in 1995 for the production of electricity and steam.

DISTILLATE OIL. The Company's estimated 1995 requirements for distillate oil for gas turbine fuel are about 170,000 barrels. The Company expects to be able to satisfy these requirements through purchases on the spot market.

COAL. The Company does not burn coal. In 1983, the New York State Department of Environmental Conservation (DEC) ruled on an application by the Company for permission to convert three electric generating units, Ravenswood 3 in Queens and Arthur Kill 2 and 3 on Staten Island, to coal-burning. The DEC ruled that the Company would be permitted to burn coal at each location only if flue gas desulfurization (FGD) systems were installed. The Company's studies showed that it would not be economical to pursue coal conversion with FGD systems. However, the Company has installed most of the necessary facilities (without FGD systems) at Ravenswood 3 and Arthur Kill 3 to provide for coal-burning in emergency circumstances such as an oil supply interruption. Even in such an emergency, a special permit, or waiver of existing restrictions, would be required to allow the Company to burn coal at these units.

NUCLEAR FUEL. The nuclear fuel cycle for power plants like Indian Point 2 consists of (1) mining and milling of uranium ore, (2) chemically converting the uranium in preparation for enrichment, (3) enriching the uranium, (4) fabricating the enriched uranium into fuel assemblies, (5) using the fuel assemblies in the generating station and (6) storing the spent fuel.

The Company has contracts covering its expected requirements for uranium and conversion for Indian Point 2 through 1995, with options extending through 1999, and for fuel fabrication through 2001. The Company has contracts covering most of its requirements for uranium enrichment services for the operating life of Indian Point 2.

Under the Energy Policy Act of 1992, the DOE is to collect a special annual assessment, for a period of 15 years, from utilities that have purchased enriched uranium from the DOE. The assessments are to be used to pay a portion of the costs to decontaminate and decommission DOE's gaseous diffusion facilities used to enrich uranium for commercial and defense purposes. The Company has paid assessments attributable to Indian Point Units 1 and 2 for 1993, 1994 and 1995. The 1995 assessment was approximately $2.6 million. Future amounts are subject to review and adjustment for inflation. The Company's liability at December 31, 1994 for future installments of this assessment is $30.7 million, of which $28.1 million is classified as non-current. The Company is recovering these costs through its electric fuel adjustment clause.

Under normal operating conditions, scheduled refueling and maintenance outages are generally required for Indian Point 2 after each cycle of approximately 22 months of operation. A scheduled refueling and maintenance outage commenced on February 4, 1995, and is expected to conclude before the beginning of the summer. The last previous such outage ran from January 30, 1993 to April 22, 1993. Mid-cycle inspection and maintenance outages may also be required from time to time.

See "Liquidity and Capital Resources - Nuclear Fuel Disposal" in Item 7 and "Nuclear Decommissioning" in Note A to the financial statements in Item 8.

Under a 1985 Federal law, by January 1996 New York State is to provide for permanent disposal of low-level radioactive wastes (LLRW) generated at Indian Point 1 and 2. The Company is providing for on-site storage of LLRW as required until New York State establishes an interim storage or permanent disposal facility or adopts some other LLRW management method. There is no domestic licensed disposal facility currently accepting LLRW from New York State waste generators for permanent disposal.

REGULATION AND RATES

GENERAL. The New York State Public Service Commission (PSC) regulates, among other things, the Company's electric, gas and steam rates, the siting of its transmission lines and the issuance of its securities. In January 1995, a new State administration took office. It is not known what effect, if any, this change in administration will have on State regulatory policy.

Certain activities of the Company are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). The Nuclear Regulatory Commission (NRC) regulates the Company's nuclear units. In addition, various matters relating to the construction and operation of the Company's facilities are subject to regulation by other governmental agencies.

ELECTRIC, GAS and STEAM RATES. The Company's rates are among the highest in the country. For additional information about the Company's rates, see "Liquidity and Capital Resources - 1992 Electric Rate Settlement Agreement, 1994 Electric Rate Increase Filing and Gas and Steam Rate Increases" in Item 7.

In 1994, a controversy arose over the rates the Company charges to religious organizations. State law requires electric and gas utilities to charge religious organizations rates that do not exceed those charged to residential customers. Due mainly to the complexity of the Company's rates, a significant number of

religious institutions, for the most part small store-front type

accounts, had been served under generally higher commercial rates. In December 1994, the Company and the Attorney General executed a settlement under which the Company admitted no wrongdoing but agreed to provide refunds amounting to $5 to $6 million to affected religious organizations and transfer affected customers to the appropriate rates. In a related matter, a customer claiming to be a church has sued the Company in Federal court. The plaintiff claims that it has operated as a religious organization since 1983 and has been charged commercial rates for electric service. The plaintiff is seeking $500 million for the class members in this purported class action. The lawsuit is in its early stages.

GENERIC PROCEEDINGS. In 1991, the PSC initiated a proceeding to review the financial policies it uses to set utility rates. In May 1993, the Company agreed with the PSC staff, the other New York State electric and gas utilities and intervenors that the PSC should establish an "A" bond rating as the appropriate financial integrity target in order to give utilities needed access to financial markets on reasonable terms. Under this agreement, no action would be taken to reduce the rating of utilities above the "A" level unless the PSC found that the higher rating was inconsistent with the public interest. In June 1993, the utilities, the PSC staff and one intervenor in this proceeding agreed to a new method of calculating the cost of common equity in rate cases. The new method is less volatile because it is less sensitive to changes in interest rates than the method the PSC traditionally has used. In July 1994, the Administrative Law Judges issued a recommended decision. The judges generally accepted the parties' resolution of financial integrity issues, but rejected the agreement on the method of calculating the cost of common equity. Instead, the judges recommended their own method, which is more sensitive to changes in interest rates than the traditional PSC method. A PSC decision is expected in 1995.

For several years the PSC has required utilities to favor demand side resources in evaluating the cost-effectiveness of such resources by deeming their cost to be reduced by savings from avoiding adverse environmental impacts ("externalities"). Currently, the required reduction is 1.6 cents per kilowatt-hour. In 1992, the PSC instituted a proceeding to reexamine the appropriate value for externalities. Consideration is being given to the application of externalities to supply side resources and the use of environmental (as opposed to economic) dispatch. This proceeding could have a significant impact on the cost of electricity. In a separate proceeding, the Company, together with other members of the New York Power Pool, entered into a settlement agreement under which the utilities would procure about 300-400 MW of renewable resources provided that these resources could be obtained at an acceptable price. The

settlement agreement was recently "approved" by the PSC except that the PSC expanded the Company's obligations to purchase electric capacity. The Company is withdrawing from the settlement agreement because it believes that the PSC's substantial modification of the agreement constitutes rejection of the agreement.

In March 1993, the PSC instituted a proceeding to examine competitive opportunities in the energy marketplace. In July 1994, the PSC issued an order in this case establishing general

guidelines for "flexible" rates. Under tariffs designed pursuant to these guidelines, utilities may negotiate discount rates with customers who have options for obtaining electric service from other sources such as through the installation of on-site generation. The loss of revenue due to the discount must be shared between ratepayers and shareholders. In August 1994, the PSC initiated a second phase of this proceeding to investigate the transition to a competitive market in electricity service. In December 1994, the PSC issued an order proposing guiding principles for this transition. The proposed principles, among other things, assert that vertically integrated electric utilities are "incompatible with effective wholesale or retail competition" and indicate that utilities "should have a reasonable opportunity to recover prudent and verifiable expenditures and commitments made pursuant to their legal obligations as long as they are cooperating in furthering all of these principles". In March 1995, the Company, other electric utilities and other parties to this proceeding filed comments on the proposed guidelines. The Company believes that the principles raise important issues which will require more extensive review than they have been afforded, particularly in the case of the Company's complex electric system. The PSC is expected to finalize its transition guidelines in 1995.

In late 1993, the PSC instituted a proceeding to examine the impact of the emerging competitive gas market on gas utility rates and services. In particular, the PSC wanted to explore the impact of "unbundling" of sales and transportation services by interstate pipeline companies pursuant to FERC Order 636. In December 1994, the PSC issued an order establishing regulatory policies and guidelines for gas utilities regarding the pricing and provision of bundled and unbundled sales and transportation services. Utilities were required to implement a number of these policies in a compliance filing and the balance no later than their general rate filings. The order also provided for the institution of a separate proceeding to examine the implementation of a performance-based gas purchase mechanism and the Commission's principle of affordability for core customers (i.e., those customers who could be disadvantaged in a competitive gas market).

STATE ENERGY PLAN. In October 1994, the New York State Energy Planning Board, comprised of the PSC Chairman and the Commissioners of the New York State Energy Office and the Department of Environmental Conservation, released a final 1994 State Energy Plan which is designed to provide "an intelligent framework for evaluating the proper course for energy policy, environmental protection and economic development. . . to assure that New Yorkers will have a safe, affordable and reliable supply of energy that will promote future economic growth and protect our environment." Under New York State law, any energy-related decisions of State agencies must be reasonably consistent with the findings and recommendations of the Plan.

COMPETITION

For information concerning competition in the electricity and gas business, see "Liquidity and Capital Resources - Electric Capacity Resources and Competition" in Item 7 and "Gas Operations - Gas Sales" above.

The PSC has issued rules requiring competitive bidding to be the primary means by which additional electric capacity and energy is obtained by utilities, although the PSC has indicated that utilities should pursue other alternatives when justified.

ENVIRONMENTAL MATTERS AND RELATED LEGAL PROCEEDINGS

GENERAL. During 1994, the Company's capital expenditures for environmental protection facilities and related studies were approximately $24 million. The Company estimates that such expenditures will amount to approximately $19 million in 1995 and $18 million in 1996. These amounts include capital expenditures in 1995 and 1996 required to comply with the consent decree discussed under "Environmental Matters - DEC Settlement" in Note F to the financial statements in Item 8.

INDIAN POINT. The Company believes that a serious accident at its Indian Point 2 nuclear unit is extremely unlikely, but despite substantial insurance coverage, the losses to the Company in the event of a serious accident could materially adversely affect the Company's financial position and results of operations. For information about Indian Point 2 and the Company's retired Indian Point 1 nuclear unit, see "Electric Operations" and "Fuel Supply - Nuclear Fuel" above, "Cooling Towers" below, "Electric Facilities - Generating Facilities" in Item 2, "Liquidity and Capital Resources - Capital Requirements" in Item 7 and Notes A and F to the financial statements in Item 8.

SUPERFUND. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) by its terms imposes joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages.

In the course of the Company's operations, materials are generated that are deemed to be hazardous substances under Superfund. These materials include asbestos and dielectric fluids containing polychlorinated biphenyls (PCBs). Other hazardous substances may be generated in the Company's operations or may be present at Company locations. Also, other hazardous substances may have been generated at the manufactured gas plants which the Company and its predecessor companies used to operate.

For additional information about Superfund, see "Superfund" in Item 3 and "Environmental Matters - Superfund Claims" in Note F to the financial statements in Item 8.

ASBESTOS. Asbestos is present in numerous Company facilities. In 1989, a Company steam main exploded in the Gramercy Park area of Manhattan, causing asbestos contamination of nearby buildings and requiring a major cleanup. Most of the costs were covered by insurance. See "Gramercy Park" in Item 3.

For additional information about asbestos, see "Environmental Matters - Asbestos Claims" in Note F to the financial statements in Item 8 and "Asbestos Litigation" in Item 3.

TOXIC SUBSTANCES CONTROL ACT. Virtually all electric utilities, including the Company, own equipment containing PCBs. PCBs are regulated under the Federal Toxic Substances Control Act of 1976. The Company has reduced substantially the amount of PCBs in electrical equipment it uses, including transformers located in or near public buildings.

For information about a claim under the Toxic Substances Control Act, see "Toxic Substances Control Act" in Item 3.

AIR QUALITY. For information about the Federal Clean Air Act amendments of 1990, see "Liquidity and Capital Resources - Clean Air Act Amendments" in Item 7.

The flue gases from oil combustion furnaces, including the Company's generating stations as well as home heating furnaces, contain microscopic particles of ash and soot. Some chemical constituents of these particles have been designated as "Hazardous Air Pollutants" under the Clean Air Act Amendments of 1990. Utility boilers are exempt from regulation as sources of hazardous air pollutants until the United States Environmental Protection Agency (EPA) completes a study of the hazards to public health reasonably anticipated to occur as a result of emissions by electric generating units. The EPA was expected to make a determination concerning the need for control of hazardous air pollutants from utility facilities in 1994. The results of the study have not yet been released.

The New York State Department of Environmental Conservation (DEC) in March 1991 issued a notice of intent to prepare a draft environmental impact statement (DEIS) concerning a DEC draft of regulations that would establish standards of performance, effective beginning in the year 2000, for steam electric generating units that are operated beyond their "useful design life." The DEC draft regulations define "useful design life" as 45 years from the date of initial operation. All of the Company's steam electric generating units in New York City will have reached that point by 2014. The draft regulations would impose operating efficiency requirements (heat rates) that many of these units may not be able to meet, and stringent nitrogen oxides and particulate matter emissions limitations. The DEC has not yet issued the DEIS.

The DEIS process affords the Company and other interested parties the opportunity to submit comments and suggest changes to the draft regulations. Upon completion of the DEIS, the DEC may propose regulations for adoption. If the DEC proposes regulations in their current draft form and they are adopted, the regulations could require the retirement of many of the Company's in-City electric generating units earlier than planned, starting in the year 2000. The Company and the New York Power Pool will oppose adoption of any regulations that would impose unreasonable standards of performance on electric generating units or require the premature retirement of such units. The Company is unable to predict the final form of the regulations.

The New York City air pollution control code contains limitations on the allowable sulfur content of fuels and on emissions of sulfur dioxide, particulate matter, oxides of nitrogen and various trace elements. Certain provisions of the code, specifically those pertaining to standards for emissions of nitrogen oxides, may be impracticable to meet at some of the Company's generating stations located in New York City unless variances or other relief from such provisions are granted.

COOLING TOWERS. The Federal Clean Water Act provides for effluent limitations, to be implemented by a permit system, to regulate the discharge of pollutants, including heat, into United States waters. In 1981, the Company entered into a settlement with the EPA and others that relieved the Company for at least 10 years from a proposed regulatory agency requirement that, in

effect, would have required that cooling towers be installed at the Bowline Point, Roseton and Indian Point units. In return the Company agreed to certain plant modifications, operating restrictions and other measures and surrendered its operating license for a proposed pumped-storage facility that would have used Hudson River water.

In September 1991, after the expiration of the 1981 settlement, three environmental interest groups commenced litigation challenging the permit status of the units pending renewal of their discharge permits, which expired in October 1992. Under a consent order settling this litigation, certain restrictions on the units' usage of Hudson River water have been imposed on an interim basis. Permit renewal applications were filed in April 1992, after which the DEC determined that the Company must submit a DEIS to provide a basis for determining new permit conditions. The DEIS, submitted in July 1993, includes an evaluation of the costs and environmental benefits of potential mitigation alternatives, one of which is the installation of cooling towers. After its review, the DEC will release for public comment the DEIS and draft permit conditions. Pending issuance of final renewal permits, the terms and conditions of the expired permits continue in effect.

ELECTRIC AND MAGNETIC FIELDS. Electric and magnetic fields (EMF) are found wherever electricity is used. Several scientific studies have raised concerns that EMF surrounding electric equipment and wires, including power lines, may present health risks. For additional information about EMF, see "Environmental Matters - EMF" in Note F to the financial statements in Item 8.

GENERAL

STATE ANTITAKEOVER LAW. New York State law provides that a "resident domestic corporation," such as the Company, may not consummate a merger, consolidation or similar transaction with the beneficial owner of a 20 percent or greater voting stock interest in the corporation, or with an affiliate of the owner, for five years after the acquisition of the voting stock interest, unless the transaction or the acquisition of the voting stock interest was approved by the corporation's board of directors prior to the acquisition of the voting stock interest. After the expiration of the five-year period, the transaction may be consummated only pursuant to a stringent "fair price" formula or with the approval of a majority of the disinterested stockholders.

EMPLOYEES

The Company had 17,097 employees on December 31, 1994. Approximately two-thirds of the employees are represented by a union whose collective bargaining agreement with the Company expires on June 22, 1996. An additional 2.4 percent of the employees are represented by another union whose collective bargaining contract expires on June 21, 1997.

RESEARCH AND DEVELOPMENT

For information about the Company's research and development costs, see Note A to the financial statements in Item 8.

OPERATING STATISTICS

Year Ended December 31	1994	1993	1992	1991	1990
ELECTRIC Energy Generated Purchased and Sold (MWhrs):					
Generated	20,419,828	20,079,995	24,157,503	23,989,334	28,578,580
Purchased from Others	21,036,437	19,813,654	14,360,373	15,238,100	10,497,311
Total Electric Energy Generated and Purchased	41,456,265	39,893,649	38,517,876	39,227,434	39,075,891
Less:					
Electric energy supplied without direct charge	73	74	75	74	72
Electric energy used by Company (a)	134,940	183,903	173,834	157,079	164,274
Distribution losses and other variances	2,762,315	2,863,828	2,781,046	2,786,547	2,543,025
Total Electric Energy Sold (b)	38,558,937	36,845,844	35,562,921	36,283,734	36,368,520
Electric Energy Sold (MWhrs):					
Residential	10,660,148	10,512,496	9,845,397	10,380,814	9,861,492
Commercial and Industrial	25,511,974	25,118,125	24,680,600	24,930,864	25,066,438
Railroads and Railways	47,289	49,542	50,934	46,726	47,057
Public Authorities	554,753	560,836	542,358	531,272	499,243
Total Sales to Con Edison Customers	36,774,164	36,240,999	35,119,289	35,889,676	35,474,230
Delivery Service to NYPA Customers	8,773,155	8,441,624	8,187,292	8,241,174	8,205,452
Service for Municipal Agencies	413,893	361,854	287,489	681,791	250,913
Total Sales in Franchise Area	45,961,212	45,044,477	43,594,070	44,812,641	43,930,595
Sales to other electric utilities (c)	1,784,773	604,845	443,632	394,058	894,290
Average Annual kWhr Use Per Residential Customer (d)	4,136	4,104	3,872	4,116	3,928
Average Revenue Per kWhr Sold (cents):					
Residential (d)	15.8	16.0	15.0	14.7	14.4
Commercial and Industrial (d)	12.2	12.6	12.0	11.9	11.6

(a) Electric energy used by the Company in 1994 includes 21,275 MWhrs received from NYPA. In 1993, 1992, 1991 and 1990 electric energy used by the Company includes MWhrs of 29,233, 30,859, 9,354 and 22,483 supplied to NYPA.

(b) Includes sales to other electric utilities.

(c) 1994, 1993, 1992, 1991 and 1990 include MWhrs of 350, 2,142, 52,929, 4,982 and 38,149 which were sold to NYPA and are also included in the Delivery Service to NYPA.

(d) Includes Municipal Agency sales.

OPERATING STATISTICS

Year Ended December 31	1994	1993	1992	1991	1990
GAS (Dth):					
Purchased	208,328,267	214,719,241	221,181,200	222,730,835	226,222,779
Underground storage-net	(4,410,363)	222,559	752,561	(2,691,256)	(7,119,602)
Used as boiler fuel at Electric and Steam Stations	(92,680,221)	(108,153,436)	(116,951,577)	(121,773,852)	(120,971,124)
Gas Purchased for Resale	111,237,683	106,788,364	104,982,184	98,265,727	98,132,053
Less:					
Gas used by Company	221,715	203,793	153,537	150,387	145,521

Distribution losses and other variances	2,443,486	3,998,234	3,856,836	5,563,386	3,001,176
Total Gas Sold	108,572,482	102,586,337	100,971,811	92,551,954	94,985,356
Gas Sold (Dth)					
Firm Sales					
Residential	53,981,416	52,624,331	52,626,406	46,200,725	46,471,766
General	39,365,003	37,214,994	36,656,433	33,539,780	33,968,421
Total Firm Sales	93,346,419	89,839,325	89,282,839	79,740,505	80,440,187
Interruptible Sales	15,226,063	12,747,012	11,688,972	12,811,449	14,545,169
Total Sales to Con Edison Customers	108,572,482	102,586,337	100,971,811	92,551,954	94,985,356
Transportation of Customer-Owned Gas	18,369,501	20,891,649	25,448,441	26,823,303	23,142,014
Total Sales and Transportation	126,941,983	123,477,986	126,420,252	119,375,257	118,127,370
Average Revenue Per Dth Sold:					
Residential	$ 9.85	$ 9.27	$ 8.41	$ 8.76	$ 8.78
General	$ 7.05	$ 6.71	$ 6.03	$ 6.07	$ 6.28
STEAM Sold (Mlbs):	30,685,155	29,394,335	29,381,922	28,531,067	28,492,095
Average Revenue per Mlbs Sold	$11.10	$11.06	$10.63	$10.45	$10.39
Customers - Average for Year					
Electric	2,980,026	2,964,716	2,950,614	2,938,201	2,928,559
Gas	1,031,675	1,028,048	1,026,546	1,027,933	1,028,018
Steam	1,964	1,973	1,970	1,975	1,981

FIVE-YEAR FORECAST

The following pages show actual 1994 amounts for certain operating and financial data and the Company's forecasts of such data for the years 1995 through 1999. Footnotes appear following the forecast. The forecast data are estimates and not statements of fact. These estimates were developed by the Company for its planning purposes, based on information available on or shortly after December 31, 1994, including information and estimates provided by others. These estimates are reviewed and revised by the Company periodically. Like all projections, they are subject to, and may be rendered inaccurate by, future events. The forecast data could be affected by weather variations, changes in economic conditions or trends, changes in laws or regulations, and other unknown or unforeseen factors.

	Actual 1994	Forecast 1995	Forecast 1996	Forecast 1997	Forecast 1998	Forecast 1999
ENERGY SALES (a)						
Electric - millions of kilowatthours						
Con Edison customers:						
Total before DSM (b)		39,081	40,075	40,742	41,344	42,030
DSM (c)		(2,734)	(3,116)	(3,490)	(3,848)	(4,236)
Net Con Edison Customers	36,774	36,347	36,959	37,252	37,496	37,794
NYPA customers (d)	8,773	8,903	9,080	9,203	9,337	9,484
Municipal Electric Agencies (e)	414	391	393	397	451	460
Total Service Area	45,961	45,641	46,432	46,852	47,284	47,738
Gas - firm customers (f) (thousands of dekatherms)	93,346	96,500	99,200	100,000	101,900	104,100
Steam (millions of pounds)	30,685	30,000	30,420	30,480	30,620	30,800
PEAK LOAD (g)						
Electric - peak hour load - megawatts						
Con Edison customers:						
Total before DSM (b)		9,936	10,154	10,378	10,583	10,806
Curtailable Electric Service (h)	(i)	(25)	0	0	0	0
DSM (j)		(820)	(941)	(1,061)	(1,173)	(1,284)
Net Con Edison Customers	8,833	9,091	9,213	9,317	9,410	9,522
NYPA customers (d)	1,496	1,592	1,616	1,636	1,656	1,678
Municipal Electric Agencies (e)(k)	55	92	101	107	129	135
Net Service Area Peak Load	10,384(l)	10,775	10,930	11,060	11,195	11,335
Gas - firm customers (m) (thousands of dekatherms per day)	702	855	865	880	900	920
Steam (millions of pounds per hour)(n)	11.3	12.4	12.4	12.4	12.5	12.5
CAPABILITY						
Electric (net megawatts at summer peak)						
Con Edison generation	8,652	8,615	8,596	8,466	8,466	8,466
Firm purchases - IPPs (o)	645	1,804	2,061	2,079	2,079	2,079
Firm purchases - Short-term capacity	950	-	-	-	-	-
Firm purchases - NYPA & Hydro-Quebec (p)	1,000	1,113	1,113	1,113	1,113	733
Con Edison capacity resources	11,247	11,532	11,770	11,658	11,658	11,278
Capacity for NYPA customers(d)	2,215	2,212	2,210	2,217	2,243	2,279
Total Service Area	13,462	13,744	13,980	13,875	13,901	13,557
Gas - firm supply (thousands of dekatherms per day)	898	913	913	943	943	943

Steam (millions of pounds per hour)	13.8	13.2	13.2	13.2	13.3	13.3	

	Actual 1994	Forecast 1995	Forecast 1996	Forecast 1997	Forecast 1998	Forecast 1999	Forecast 5 Year Total
CAPITAL REQUIREMENTS AND MATURING SECURITIES			(millions of dollars)				
Construction Expenditures							
Electric	$ 499	$461	$454	$448	$400	$372	$2,135
Gas	107	115	116	117	119	119	586
Steam	45	33	29	29	29	30	150
Common	107	121	114	113	95	86	529
Total Construction Expenditures (q)	758	730	713	707	643	607	3,400
Enlightened Energy program - net	30	(4)	(20)	(18)	(15)	-	(57)
Power contract termination costs - net (r)	62	(21)	(26)	(2)	6	-	(43)
Nuclear decommissioning trust (r)(s)	15	19	21	21	21	21	103
Nuclear fuel expenditures	47	11	59	16	63	15	164
Investment in gas marketing subsidiary	7	11	11	-	-	-	22
Subtotal	919	746	758	724	718	643	3,589
Retirements of Long-Term Debt and Preferred Stock (t)	134	11	184	106	200	225	726
Total	$1,053	$757	$942	$830	$918	$868	$4,315
PRINCIPAL NON-CASH CHARGES AND CREDITS TO INCOME (million of dollars)							
Book depreciation and amortization	422	457	480	506	529	535	2,507
Amortization of nuclear fuel	25	19	26	24	28	28	125
Deferred taxes	74	100	66	63	48	61	338
Deferred Investment Tax Credits	(10)	(9)	(9)	(9)	(9)	(9)	(45)
Allowance for equity and borrowed funds used during construction	12	8	10	11	10	8	47

FOOTNOTES TO FIVE-YEAR FORECAST

(a) Forecasts for 1995-1999 assume normal weather conditions.
(b) Does not include sales to other utilities.
(c) For 1995-1999, this represents anticipated sales reduction resulting from Company sponsored demand side management and non-rebate induced conservation, cumulative since 1990.
(d) See "Electric Operations - NYPA," above.
(e) See "Electric Operations - Municipal Electric Agencies", above.
(f) Actual sales to interruptible gas customers in 1994 amounted to 14,028 thousands of dekatherms (including 737 thousands of dekatherms sold to NYPA). Actual contract sales in 1994 amounted to 1,198 thousand dekatherms (including 243 thousands of dekatherms sold out of system).
(g) Forecasts for 1995-1999 assume design weather conditions.
(h) For 1995, this represents anticipated load reduction resulting from the Company sponsored curtailable electric service program. The program is scheduled to be terminated after 1995.
(i) At 1994 peak, an estimated 25 MW of load reduction resulted from the Company sponsored curtailable electric service program.
(j) For 1995-1999, this represents anticipated load reduction resulting from Company sponsored demand side management and non-rebate induced conservation, cumulative since 1990.
(k) Includes electric demand of economic development customers.
(l) At design weather conditions, the 1994 peak electric load would have been 10,700 MW.
(m) Reflects the gas supply year which begins on November 1 of each calendar year shown. "Actual" peak day demand shown for 1994 assumes that peak day demand for the period occurred prior to March 14, 1995.
(n) Reflects the winter season beginning in the year shown. "Actual" peak steam demand shown for 1994 assumes that peak day demand for the winter occurred prior to March 14, 1995.
(o) For 1994, includes capacity from Cogen Technologies (645 MW). Beginning in 1995, also includes Selkirk Cogen Partners, L.P. (265 MW), and Sithe/Independence Power Partners, L.P. (740 MW). Certain other IPPs (approximately 400 MW) are expected to commence commercial operation during 1995 and 1996. See "Liquidity and Capital Resources - Electric Capacity Resources and Competition" in Item 7.
(p) See "Electric Operations - NYPA and Hydro-Quebec", above.
(q) Assumes cost escalation at an average annual rate of 4.0 percent throughout the forecast period.
(r) Assumes recovery as proposed by the Company of the portion of these costs not already in rates. See "Liquidity and Capital Resources - 1994 Electric Rate Increase Filing" in Item 7.
(s) See Note A to the financial statements in Item 8 for discussion of nuclear decommissioning costs.
(t) Does not reflect refundings in advance of maturity.

ITEM 2. PROPERTIES

At December 31, 1994, the capitalized cost of the Company's utility plant, net of accumulated depreciation, (and excluding $92.4 million of nuclear fuel assemblies) was as follows:

Classification	Net Capitalized Cost (millions of dollars)	Percentage of Net Utility Plant
In Service:		
Electric:		
Generation	$ 1,845.8	18%
Transmission	1,148.1	11%
Distribution	4,777.1	46%
Gas	1,124.9	11%
Steam	358.0	3%
Common	796.5	7%
Held For Future Use	28.8	-
Construction Work in		

Progress	389.6	4%
Net Utility Plant	$10,468.8	100%

ELECTRIC FACILITIES

GENERATING FACILITIES. As shown in the following table, at December 31, 1994, the Company's net maximum generating capacity (on a summer rating basis) was 8,652 MW, without reduction to reflect the unavailability or reduced capacity at any given time of particular units because of maintenance or repair or their use to produce steam for sale. For information about the electric energy purchased by the Company, see "Electric Operations" in Item 1.

Generating Stations	Net Generating Capacity at December 31, 1994 (Megawatts-Summer Rating)	Percentage of Electric Energy Generated and Purchased in 1994
Fossil-Fueled		
Ravenswood (3 Units)	1,742	7.5%
Astoria (3 Units)	1,075	9.8%
Arthur Kill (2 Units)	826	1.9%
East River (3 Units)	430	1.8%
Bowline Point (2 Units)		
- two-thirds interest	790	4.1%
Roseton (2 Units)		
- 40% interest	484	2.7%
Other (7 Units)	287	2.1%
Subtotal	5,634	29.9%
Nuclear - Indian Point	931	18.4%
Gas Turbines (39 Units)	2,087	1.0%
Total	8,652	49.3%

The Company's fossil-fueled plants burn natural gas or residual oil. Most of the gas turbines burn distillate oil. Certain units have the capability to burn either natural gas or oil, and certain units can be converted to burn coal. See "Fuel Supply" in Item 1.

For information about the Company's Indian Point 2 nuclear unit, see "Electric Operations", "Fuel Supply - Nuclear Fuel", "Environmental Matters and Related Legal Proceedings - Indian Point and Cooling Towers" in Item 1, "Liquidity and Capital Resources - Capital Requirements" in Item 7 and Notes A and F to the financial statements in Item 8.

The Company's generating stations are located in New York City with the exception of the Indian Point station in Westchester County, New York; the Bowline Point station in Rockland County, New York; and the Roseton station in Orange County, New York.

The Company's electric and steam generating stations are held in fee with the following exceptions: (i) Orange and Rockland Utilities, Inc. (O&R) has a one-third interest and the Company has a two-thirds interest as tenants in common in the Bowline Point station, which is operated by O&R; (ii) Central Hudson Gas & Electric Corporation (Central Hudson) has a 35 percent interest, Niagara Mohawk Power Corporation (Niagara Mohawk) has a 25 percent interest and the Company has a 40 percent interest as tenants in common in the Roseton station (which is operated by Central Hudson), with Central Hudson having the right to acquire the Company's interest in 2004; and (iii) the Company leases from trusts in which it owns the remainder interests certain gas turbine generating facilities of which the

Company can assume direct ownership upon expiration of the leases between 1995 and 1997.

The Company has property in the mid-Hudson valley which was acquired, at a cost of approximately $12.8 million, as a possible location for baseload plants in the next century. Pursuant to the 1992 Electric Rate Settlement Agreement (see "Liquidity and Capital Resources - 1992 Electric Rate Settlement Agreement" in Item 7), the Company conducted a study which indicated that the Company no longer needs this site. A divestiture plan for the site is being developed.

TRANSMISSION FACILITIES. The Company has interconnections for the transmission of power with Niagara Mohawk, Central Hudson, O&R, New York State Electric and Gas Corporation, Connecticut Light and Power Company, Long Island Lighting Company and Public Service Electric and Gas Company. At December 31, 1994, the Company's capacity to receive power from other systems to supply service area load at the time of the summer peak was approximately 3,550 MW, in addition to the approximately 1,280 MW of transmission capacity needed to deliver to the Company's service area its share of the output of the Roseton and Bowline Point stations. The Company's transmission facilities are located in New York City and Westchester, Orange, Rockland, Putnam and Dutchess counties in New York State.

At December 31, 1994, the Company's transmission system had approximately 427 miles of overhead circuits operating at 138, 230, 345 and 500 kilovolts and approximately 378 miles of underground circuits operating at 138 and 345 kilovolts. There are approximately 267 miles of radial subtransmission circuits operating at 138 kilovolts. The Company's 15 transmission substations, supplied by circuits operated at 69 kilovolts and above, have a total transformer capacity of 15,632 megavolt amperes.

DISTRIBUTION FACILITIES. The Company owns various distribution substations and facilities located throughout New York City and Westchester County. At December 31, 1994, the Company's distribution system had 294 distribution substations, with a transformer capacity of 20,273 megavolt amperes, 32,205 miles of overhead distribution lines and 86,234 miles of underground distribution lines.

GAS FACILITIES

Natural gas is delivered by pipeline to the Company at various points in its service territory and is distributed to customers by the Company through approximately 4,200 miles of mains and 357,000 service lines. The Company owns a natural gas liquefaction facility and storage tank at its Astoria property in Queens, New York. The plant can store approximately 1,000 mdth of which a maximum of about 250 mdth can be withdrawn per day. The Company has about 1,230 mdth of additional natural gas storage capacity at a field in upstate New York, owned and operated by Honeoye Storage Corporation, a corporation in which the Company and two neighboring utilities own a controlling interest.

STEAM FACILITIES

The Company generates steam for distribution at five

electric generating stations and two steam-only generating stations and distributes steam to customers through approximately 87 miles of mains and 17 miles of service lines.

OTHER FACILITIES

The Company also owns or leases various pipelines, fuel storage facilities, office equipment, a thermal outfall structure at Indian Point, and other properties located primarily in New York City and Westchester, Orange, Rockland, Putnam and Dutchess counties in New York State.

THE COMPANY MORTGAGE

Substantially all the properties and franchises of the Company, other than expressly excepted property, are subject to the liens securing the Company's First and Refunding Mortgage Bonds and the mortgage bonds of acquired companies. As of December 31, 1994, $177.9 million aggregate principal amount of such mortgage bonds remained outstanding, of which $1.4 million is scheduled to mature in 1995, $175 million in 1996 and $1.5 million in 1997. The Company has not issued mortgage bonds since 1974.

ITEM 3. LEGAL PROCEEDINGS

SUPERFUND

The following is a discussion of significant proceedings pending under Superfund or similar statutes involving sites for which the Company has been asserted to have a liability. The list is not exhaustive and additional proceedings may arise in the future. For a further discussion of claims and possible claims against the Company under the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund) and the estimated liability accrued for certain Superfund claims, see "Environmental Matters and Related Legal Proceedings - Superfund" in Item 1, and "Environmental Matters - Superfund" in Note F to the financial statements in Item 8.

MAXEY FLATS NUCLEAR DISPOSAL SITE. The United States Environmental Protection Agency (EPA) advised the Company by letter, dated November 26, 1986, that it was a potentially responsible party (PRP) under Superfund for the investigation and cleanup of the Maxey Flats Nuclear Disposal Site in Morehead, Kentucky. The site is owned by the State of Kentucky and was operated as a disposal facility for low level radioactive waste

from 1963 through 1977 by the Nuclear Engineering Corporation(now known as U.S. Ecology Corporation). EPA's letter alleges that various radionuclides and organic chemicals have been released from the site into the environment. In September 1991, the EPA issued its Record of Decision ("ROD") for the site cleanup program. Phase one of the program requires, among other things, the removal, treatment and on-site disposal of the leachate that has accumulated in the site's waste burial trenches and the installation of an impervious cover over the waste burial trench area of the site, monitoring wells and erosion control and surface water drainage systems. Phase two requires a 100-year stabilization period, with periodic monitoring and maintenance of the cover, followed by installation of a permanent cap.

In March 1995, the EPA, de minimis PRPs, large private party PRPs, large federal agency PRPs and Kentucky entered into a settlement agreement with respect to the costs of the cleanup program. Subject to court approval, the settlement agreement is

to be implemented pursuant to a consent decree. The Company has agreed to be responsible for approximately 1.9 percent of the costs allocable to the large private party PRPs. The large private party PRPs have agreed to implement phase one of the program and any corrective actions required, during the ten years following completion of phase one, to meet the performance standards established in the ROD, and to share the costs of those activities with the large Federal agency PRPs. Also, if during this ten-year period the EPA determines that horizontal flow barriers are required, the large party PRPs will be required to share the cost of such barriers. The large party private PRPs are not responsible for any costs after the ten year period expires. Kentucky will implement and fund the phase two program. The Company's share of the cleanup costs is estimated to be about $500,000. In addition, if horizontal flow barriers are required, depending on their extent, the Company would be obligated to pay an estimated $10,000 to $100,000.

EASTERN DIVERSIFIED METALS SITE. The EPA advised the Company by letter, dated March 5, 1987, that it is one of 118 PRPs under Superfund for the investigation and cleanup of the Eastern Diversified Metals Site in Hometown, Pennsylvania. Between 1966 and 1977, Diversified Industries used the site for a copper wire salvaging operation which involved the disposal of shredded wire insulation in a waste pile located on the site. The EPA alleges that various metals and organic chemicals have been released from the waste pile into the environment. A preliminary ranking list appended to the EPA's letter indicates that the Company is responsible for less than 0.03 percent of the waste insulation material at the site. An EPA-approved site study has been performed by the site owner and a PRP allegedly responsible for about 77 percent of the waste. The Company has accepted EPA's offer to settle the Company's liability for this site by paying $11,000.

CURCIO SCRAP METAL SITE. The EPA advised the Company, in a letter received on August 11, 1987, that it had documented the release of hazardous substances into the environment at the site of Curcio Scrap Metal, Inc. in Saddle Brook, New Jersey, and that the EPA had information indicating that the Company sent hazardous substances (PCBs) to the site. The Company provided the EPA with records that indicated that the Company sold scrap electric transformers to a metal broker who in turn sold them to the owner of the site. A site study indicated that chemical contamination has occurred on a portion of the site. Elevated concentrations of PCBs and various organic compounds and metals have been detected in the soil and PCBs and organic compounds and metals have also been detected in the shallow groundwater beneath the site.

On September 30, 1991, the EPA issued a Unilateral Administrative Order which requires the Company and three other PRPs to commence a soil cleanup of this site pursuant to the EPA's Record of Decision, dated June 28, 1991. This soil cleanup has been completed. The EPA has not yet formulated a cleanup program for the groundwater under and around the Curcio site. The Company's estimate of the cost of the additional groundwater studies is $400,000. The EPA has only designated five PRPs for this site and, as a result, the Company will be expected to pay a major share of the cleanup costs.

METAL BANK OF AMERICA SITES. The EPA advised the Company by letter dated October 26, 1987 that it has reason to believe that the Company was a supplier of used transformers to Metal Bank of America Inc.'s recycling sites in Philadelphia during the late 1960s and thereafter. One of the sites has been placed on the

EPA's national priority list under Superfund as a result of a leak in a storage tank containing PCBs. The EPA alleges that PCBs have been found in the ground water, soils and in the sediments of the adjoining Delaware River. The Company has provided the EPA with documents which indicate that the Company sold approximately 81 scrap transformers to a broker who, in turn, delivered them to the site. Under a steering committee participation agreement, the Company is responsible for 1.48% of the expense of the remedial investigation and feasibility study, which has been completed under an EPA administrative consent order. The Company's share of the cost of the study was about $80,000. The study identified various alternative site clean-up programs ranging in cost from $1.8 million to $90 million. The EPA has requested some additional study work, the results of which it will consider before selecting the clean up program.

NARROWSBURG SITE. In 1987, the New York State Attorney General notified the Company that he has evidence that the Company is a PRP under Superfund for hazardous substances that have been released at the Cortese landfill in Narrowsburg,

Sullivan County, New York. The Cortese landfill is listed on the EPA's national priorities list. Company records indicate that drums containing non-nuclear waste were shipped from Indian Point to the Cortese landfill for disposal. The Attorney General has commenced an action under Superfund in the United States District Court for the Southern District of New York against the Cortese site owner and operator and SCA Services, an alleged transporter of hazardous substances to the site. On January 17, 1989, SCA Services commenced a third-party action for contribution against the Company and five other parties whose chemical waste was allegedly disposed of at the site. In 1990, SCA served a second amended third-party complaint in which it sued the Company and 27 other third-party defendants for contribution. The Company and SCA Services have reached a settlement of the third-party action under which the Company's sole responsibility will be to pay 6% of the first $25 million of remedial costs at the site. SCA Services has agreed to indemnify the Company for any other remedial costs that it has to pay. The EPA recently selected the clean up program for the site. The program is estimated to cost about $12 million to implement.

CARLSTADT SITE. On August 20, 1990, the Company was served with a third-party complaint in a Superfund cost contribution action for a former waste solvent and oil recycling facility located in Carlstadt, New Jersey. The complaint, which is pending before the United States District Court for the District of New Jersey, alleges that the Company shipped 120,000 gallons of waste oil to this site and that the Company is one of several hundred parties who are responsible under Superfund for the study and cleanup of the facility. The plaintiffs in the action, which include a group of former customers of the facility, have completed a $3 million remedial investigation and feasibility study for the site. Plaintiffs estimate that 7 to 15 million gallons of waste solvents and oil were recycled at the site and based on this estimate, the Company's share of the cleanup costs would be about one percent. The costs of the cleanup alternatives that were evaluated in the remedial investigation and feasibility study range from $48 million to $321 million. In 1990, the EPA selected an interim remedy, expected to cost about $13 million, to control release from the site while the EPA evaluates and develops a final cleanup remedy. The interim remedy calls for, among other things, the construction of a slurry wall around the site and an infiltration barrier over the site.

HELEN KRAMER LANDFILL SITE. In September 1991, Orange and Rockland Utilities, Inc. (O&R) was served with third-party complaints in consolidated Superfund cost recovery contribution actions for the Helen Kramer Landfill Site in Mantau, New Jersey.

The complaints, which are pending before the United States District Court for the District of New Jersey, allege that, in 1974, Marvin Jonas, Inc. transported hazardous substances for O&R and disposed of those substances in the Helen Kramer Landfill. Preliminary investigation by O&R indicates that waste materials generated during the construction of the Bowline Point generating station were hauled and disposed of by Marvin Jonas, Inc. in 1974. The Company owns a two-thirds interest in Bowline Point. O&R, which operates Bowline Point, owns the remaining one-third interest. Bowline Point liabilities are shared by the Company and O&R in accordance with their respective ownership interests. The EPA has commenced cleanup of this site and the total site cleanup cost is estimated at $150 million. Assuming that all of the Bowline wastes alleged to have been disposed of at the site were so disposed of, they represent about 0.4% of the total volume of waste-in at the site. On this basis, the Company's share of the cleanup cost is estimated at $400,000.

GLOBAL LANDFILL SITE. The Company has been designated a PRP under Superfund and the New Jersey Spill Compensation and Control Act (Spill Act) for the study and cleanup of the Global Landfill Site in Old Bridge, New Jersey. This 65-acre municipal and industrial waste landfill is included on the Superfund National Priorities List and is being administered by the New Jersey Department of Environmental Protection and Energy (NJDEPE) pursuant to an agreement between the EPA and the State of New Jersey.

The Company provided EPA with records indicating that it had disposed of approximately ten cubic yards of waste asbestos at the site in February 1984. In August 1989, the NJDEPE served the Company with a Spill Act directive that required the Company and 40 other PRPs to fund a $1.5 million remedial investigation and feasibility study for the site. A PRP Group was formed and the Group entered into a settlement agreement and an administrative consent order with NJDEPE that, among other things, required the PRP Group's members to contribute $500,000 towards the cost of the study. The Company's share of the PRP Group's payment to the NJDEPE was $5,000.

In February 1991, the EPA and the NJDEPE proposed a $30 million interim remedy for the site. This remedy calls for the installation of gas and leachate collection and treatment systems at the landfill and the construction of an impervious cover over the landfill (Phase I). It also calls for further studies to determine the alternatives for addressing groundwater and wetlands contamination in the vicinity of the landfill (Phase II). In March 1991, the NJDEPE served the Company with a second Spill Act Directive that requires the Company and the other

members of the PRP Group to pay for the implementation of the Phase I remedy for the site. The PRP Group negotiated a settlement of this directive with the NJDEPE and the Company's share of the cost is estimated at $150,000.

CHEMSOL SITE. By letter dated December 20, 1991, the EPA advised the Company that it had documented the release of hazardous substances at the Chemsol Site in Piscataway, New Jersey and that it had reason to believe that the Company sent

waste materials to the site during the 1960 to 1965 period. In response to EPA's demand for records, including any relating to Cenco Instruments Corp., the Company submitted to EPA records of payments to Central Scientific Company, a Division of Cenco Instruments Corp. during the 1960-1965 period. The Company is unable at this time to determine either the purpose of the payments to Central Scientific Company or the connection of that company to the site. The EPA has not designated the Company as a PRP and has not yet selected a final cleanup program for the site. However, the EPA has selected an interim remedy, expected to cost about $8 million, for the site groundwater contamination and has ordered several designated PRPs to implement that remedy.

ECHO AVENUE SITE. In December 1987, the DEC classified the Company's former Echo Avenue Substation Site in New Rochelle, New York as an "Inactive Hazardous Waste Disposal Site." The basis for this classification was the presence of PCBs in the soil and in the buildings on the site. Although the Company has cleaned up the PCBs on the site, the DEC requires a thorough site survey before it will remove the site from the Inactive Hazardous Waste Disposal Site list. Under a consent order with the DEC a new site survey was done and remedial action taken. The cost to the Company of this additional work was $213,000. The Company intends to demolish its building on this site, and expects to incur approximately $1 million in additional clean up expenses.

In January 1992, the owners of Echo Bay Marina filed suit in Federal court alleging that PCBs were being discharged from the Echo Avenue site into Long Island Sound. Plaintiffs are seeking a declaration that the Company is in violation of the Clean Water Act, civil penalties of $25,000 per day for each violation, remediation costs, an injunction against further discharges, legal fees, and compensatory damages of $24 million. In December 1994, the court dismissed plaintiffs claims for property damage, including loss of business. Pretrial discovery on the remaining claims is continuing.

C&D RECYCLING SITE. On July 13, 1992, the Company received a letter from the EPA stating that it is a PRP with respect to the C&D Recycling site located in Foster Township, Luzerne County, Pennsylvania. In 1979, the Company retained C&D Recycling Company to recover copper and lead from a shipment of

30,560 pounds of scrap electric cable. It appears that the bulk of the scrap cable sent to this site was generated by AT&T Nassau Metals, a subsidiary of AT&T. The total cleanup cost is estimated at $12.5 million. In March 1995, the EPA advised the Company, that based on the information currently available to it, the Company is responsible for 0.0297% of the scrap cable at this site. The EPA has offered to negotiate with the Company and other de minimis PRPs to settle their liability for this site.

PCB TREATMENT, INC., SITES. On September 30, 1994, the Company received a letter from the EPA indicating that it had been identified as a PRP for the PCB Treatment, Inc. ("PTI") Sites in Kansas City, Kansas and Kansas City, Missouri. The sites--a vacant, five-story building at 45 Ewing Street (K.C., Kansas) and a partially-occupied, seven-story building at 2100 Wyandotte Street (K.C., Missouri)-- were used by PTI from 1982 until 1987 for the storage, processing, and treatment of PCB-containing electric equipment, dielectric oils, and materials. According to the EPA, the buildings' floor slabs and ceilings and the soil areas outside the buildings' loading docks are contaminated with PCBs.

On October 21, 1994, the EPA held a PRP meeting for the

sites and requested the PRPs to form a steering committee and to consider conducting a cleanup program for the sites under the auspices of the Toxic Substances Control Act, or failing that, performing a Superfund cleanup for the sites. At the meeting, the EPA provided the Company with waste manifests and other documents indicating that the Company was responsible for 141,090 pounds (about 0.7%) of the approximately 20.3 million pounds of PCB-containing equipment, oil, and materials that were shipped to the 2100 Wyandotte Street Site. The EPA has not yet completed compiling the waste manifests and shipment records for the 45 Ewing Street Site. The PRPs are attempting to organize for the purpose of developing and implementing acceptable cleanup programs for the sites. Efforts are also being made to elicit the participation of various federal agencies, which in the aggregate are responsible for about 5.7 million pounds of the PCB-containing equipment, oil, and materials that were shipped to the 2100 Wyandotte Street Site.

PELHAM MANOR SITE. Prior to 1968, the Company and its predecessor companies operated a manufactured gas plant (MGP) on a site located in Pelham Manor, Westchester County. Soil and groundwater tests by the current owners and lessees indicate the presence of hazardous substances which are associated with the MGP process. The Company has agreed to participate with the site owners and lessees in further site studies to develop and implement a cleanup plan that will be acceptable to the DEC.

ASTORIA SITE. The Federal Resource Conservation and Recovery Act delegates to the states licensing authority for PCB storage. As a condition to renewal by the DEC of the Company's permit to store PCBs at the Company's Astoria generating station, the Company is required to conduct a site investigation and, where necessary, a remediation program. The site investigation commenced in April 1994 and will continue through 1995. The cost of the investigation is estimated at $2 million. The extent and cost of the remediation program will depend on the results of the investigation.

HUNTS POINT SITE. In September 1994, the City of New York notified the Company that it had discovered coal tar on the site of a former Company manufactured gas plant in the Hunts Point section of the Bronx. The Company had manufactured gas at that location prior to its sale of the site to the City in the 1960s. The Company has agreed to conduct a site study and to develop and implement a remediation program. However, the Company has not agreed to pay costs not associated with the Company's use of the site. The Company is unable at this time to estimate its exposure to liability with respect to this site.

TOXIC SUBSTANCES CONTROL ACT

In November 1994, BCF Oil Refining, Inc., a processor and re-refiner of used oil products and waste containing oil, brought suit in federal court against the Company and four transporters of waste oil products alleging that the defendants (primarily the Company) caused PCB contaminated waste to be shipped to BCF thereby contaminating its facilities. In addition to the remediation of BCF's facilities under the Federal Toxic Substances Control Act, the suit seeks compensatory damages of not less than $12.5 million from all the defendants and additional punitive damages of not less than $12.5 million from the Company. Pre-trial discovery began in January 1995 and should continue into 1996.

GRAMERCY PARK

On August 19, 1989, a Company steam main exploded in the Gramercy Park area of Manhattan, releasing debris containing asbestos into that area. The Company took responsibility for the asbestos cleanup and most of the cost of that cleanup was covered by the Company's insurance.

A Federal Grand Jury in the Southern District of New York issued an indictment in December 1993, which was superseded by an indictment issued in April 1994, charging the Company and two of its retired employees with criminal acts relating to the reporting of the release of asbestos from the steam main explosion. The April 1994 indictment contained eight counts.

On October 31, 1994, the Company pled guilty to four counts of the eight count indictment. Sentencing is expected on March 31, 1995, at which time a fine of up to $500,000 on each of the four counts, and up to five years probation, could be imposed.

DEC PROCEEDING

For information about this proceeding, see "Environmental Matters - DEC Settlement" in Note F to the financial statements in Item 8 and "Results of Operation - Other Operations and Maintenance Expenses" in Item 7.

ASBESTOS LITIGATION

For a discussion of asbestos and suits against the Company involving asbestos, see "Environmental Matters and Related Legal Proceedings - Asbestos" in Item 1, and "Environmental Matters - Asbestos Claims" in Note F to the financial statements in Item 8. The following is a discussion of the significant suits involving asbestos in which the Company has been named a defendant. The listing is not exhaustive and additional suits may arise in the future.

MASS TORT CASES. Numerous suits have been brought in New York State and Federal courts against the Company and many other defendants for death and injuries allegedly caused by exposure to asbestos at various Company premises. Many of these suits have been disposed of without any payment by the Company, or for immaterial amounts. The amounts specified in the remaining suits, including the Moran v. Vacarro suit and the United States of America v. Con Edison suit discussed below, total billions of dollars, but the Company believes that these amounts are greatly exaggerated, as were the claims already disposed of.

MORAN, ET AL. V. VACARRO, ET AL. On May 9, 1988, the Company was served with a complaint in an action in the New York State Supreme Court, New York County, in which approximately 184 Company employees and their union alleged that the employees were exposed to dangerous levels of asbestos as a result of alleged intentional conduct of supervisory employees. Each of the employee plaintiffs seeks $1 million in punitive damages, unspecified additional compensatory damages, and to enjoin the Company from violating EPA regulations and exposing employees to asbestos without first taking certain safety measures. On May 16, 1988, the complaint was amended to add a claim by each employee plaintiff for $1 million in damages for mental distress. In November 1988, the complaint was amended to add four additional employee plaintiffs. On July 9, 1990, the complaint was amended to add the spouses of 131 plaintiffs as additional plaintiffs and to remove the union as a plaintiff. Each spouse

seeks medical monitoring, $1 million for emotional distress and $1 million for punitive damages. On January 19, 1995, the court dismissed the claims of the employee plaintiffs, leaving employee spouses as the only plaintiffs.

UNITED STATES OF AMERICA V. CON EDISON. This suit was commenced on March 7, 1994 by the United States in the United States District Court for the Southern District of New York. The complaint alleges that the Company violated hazardous emissions provisions of the Federal Clean Air Act in connection with asbestos removal activities at the Company's Waterside generating station during 1989. The complaint seeks civil penalties of $25,000 per day per violation and injunctive relief. The Company has entered into a consent decree with the Federal government under which the Company will pay $100,000 to settle this action. The consent decree is subject to court approval.

RATE PROCEEDINGS

For information concerning proceedings relating to the Company's rates, see "Regulation and Rates" in Item 1.

NUCLEAR FUEL DISPOSAL

Reference is made to the information under the caption "Liquidity and Capital Resources - Nuclear Fuel Disposal" in Item 7 for information concerning a suit brought by the Company and a number of other utilities against the United States Department of Energy. The suit is entitled Northern States Power Co., et al. v. Department of Energy, et al.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names of the executive officers of the Company together with their ages and the positions and offices with the Company held by them as of March 1, 1995, the respective dates they became executive officers and their business experience during the past five years (or since they became executive officers, if earlier) are set forth below. Under the Company's By-laws, officers of the Company are elected to hold office until the next election of Trustees (directors) of the Company and until their respective successors are chosen and qualify, subject to removal at any time by the Company's Board of Trustees.

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an Executive Officer, If Longer
Eugene R. McGrath - 53 Chairman of the Board, President, Chief Executive Officer and Trustee; 9/1/78	9/90 to present - Chairman of the Board, President, Chief Executive Officer and Trustee 2/89 to 8/90 - President, Chief Operating Officer and Trustee 10/87 to 1/89 - Executive Vice President - Operations and Trustee

	9/82 to 9/87 - Executive Vice President - Central Operations 3/81 to 8/82 - Senior Vice President - Power Generation 9/78 to 2/81 - Vice President - Power Generation
Raymond J. McCann - 60 Executive Vice President and Chief Financial Officer, and Trustee; 5/15/72	2/89 to present - Executive Vice President and Chief Financial Officer, and Trustee 10/87 to 1/89 - Executive Vice President, Finance and Law, and Trustee 8/80 to 9/87 - Executive Vice President - Division Operations 6/77 to 8/80 - Vice President - Manhattan Division 6/76 to 5/77 - Vice President - Accounting and Treasury 3/74 to 5/76 - Controller 5/72 to 3/74 - General Auditor

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an, Executive Officer, If Longer
J. Michael Evans - 49 Executive Vice President - Central Operations; 9/1/91	9/91 to present - Executive Vice President - Central Operations 7/89 to 8/91 - Senior Vice President and Chief Operating Officer - Kansas City Power and Light
Charles F. Soutar - 58 Executive Vice President - Customer Service; 9/1/77	2/89 to present - Executive Vice President - Customer Service 3/85 to 1/89 - Executive Vice President - Central Services 5/80 to 2/85 - Senior Vice President - Construction, Engineering and Environmental Affairs 9/77 to 4/80 - Vice President - Central Services
Stephen B. Bram - 52 Senior Vice President; 8/1/79	12/94 to present - Senior Vice President 9/94 to 11/94 - Vice President 12/87 to 8/94 - Vice President - Nuclear Power 9/82 to 11/87 - Vice President - Fossil Power 7/80 to 8/82 - Vice President - Central Substation, Systems Operations and Technical Services 8/79 to 6/80 - Vice President - Central Substation and System Operations
Thomas J. Galvin - 56 Senior Vice President - Central Services; 6/1/78	2/93 to present - Senior Vice President - Central Services 6/89 to 1/93 - Senior Vice President - Administration 8/86 to 5/89 - Vice President

	- Employee Relations 3/83 to 7/86 - Vice President - Purchasing 6/78 to 2/83 - General Auditor

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an, Executive Officer, If Longer
Carl W. Greene - 59 Senior Vice President - Financial and Regulatory Matters; 6/1/76	9/94 to present - Senior Vice President - Financial and Regulatory Matters 7/92 to 8/94 - Senior Vice President - Accounting and Treasury 6/82 to 6/92 - Vice President and Controller 6/76 to 5/82 - Controller
Edward W. Livingston - 63 Senior Vice President 3/1/79	9/92 to present - Senior Vice President 6/89 to 8/92 - Senior Vice President - Public Affairs 3/79 to 5/89 - Vice President - Government & Community Relations
Mary Jane McCartney - 46 Senior Vice President - Gas Operations; 12/1/90	10/93 to present - Senior Vice President - Gas Operations 2/93 to 10/93 - Vice President - Gas Supply 7/92 to 1/93 - Vice President - Gas Business Development 12/90 to 6/92 - Vice President - Queens 2/89 to 11/90 - Assistant Vice President - Environmental Affairs and Fuel Supply
Horace S. Webb - 54 Senior Vice President - Public Affairs; 9/1/92	9/92 to present - Senior Vice President - Public Affairs 1/90 to 8/92 - Vice President - Communications and Public Affairs, Hoechst Celanese Corp.
T. Bowring Woodbury, II - 57 Senior Vice President and General Counsel; 6/1/89	6/89 to present - Senior Vice President and General Counsel

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an, Executive Officer, If Longer
Archie M. Bankston - 57 Secretary and Associate General Counsel;	6/89 to present - Secretary and Associate General Counsel 1/74 to 5/89 - Secretary and

1/7/74	Assistant General Counsel
John F. Cioffi - 61 Treasurer; 7/1/92	7/92 to present - Treasurer 6/87 to 6/92 - Assistant Vice President
Lawrence F. Travaglia - 56 General Auditor; 3/1/93	3/93 to present - General Auditor 10/80 to 2/93 - Assistant Treasurer
Robert A. Bell - 61 Vice President Research & Development; 6/1/81	6/81 to present - Vice President - Research & Development
Arthur J. Bennett - 59 Vice President - Brooklyn Customer Service; 3/1/83	3/93 to present - Vice President - Brooklyn Customer Service 6/91 to 2/93 - Vice President - Transportation & Stores 3/83 to 6/91 - Vice President - Bronx Division
David G. Bosland - 58 Vice President - Staten Island Customer Service; 3/1/83	6/91 to present - Vice President - Staten Island Customer Service 3/83 to 6/91 Vice President - Transportation & Stores
Kevin M. Burke - 44 Vice President - Corporate Planning; 12/1/87	3/93 to present - Vice President - Corporate Planning 3/90 to 2/93 - Vice President - Brooklyn Customer Service 12/87 to 2/90 - Vice President - Construction

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an, Executive Officer, If Longer
Richard P. Cowie - 48 Vice President - Employee Relations; 3/1/94	3/94 to present - Vice President - Employee Relations 2/91 to 2/94 - Director - Central Customer Service 9/90 to 1/91 - Assistant to the Executive Vice President - Customer Service 9/86 to 8/90 - Director - Credit & Collections
Robert F. Crane - 58 Vice President - Fuel Supply; 12/1/82	3/94 to present - Vice President - Fuel Supply 10/93 to 2/94 - Vice President - Gas Supply 2/93 to 10/93 - Vice President - Gas Business Development 4/91 to 1/93 - Vice President - Gas Supply 12/84 to 3/91 - Vice President - Manhattan Division 12/82 to 11/84 - Vice President - Queens Division
George J. Delaney - 59 Vice President	12/78 to present - Vice President - Westchester Customer Service

- Westchester Customer Service; 5/28/74	9/74 to 11/78 - Vice President - Bronx Division 5/74 to 8/74 - Vice President - Staten Island Division
Robert W. Donohue, Jr. - 52 Vice President - Queens Customer Service; 3/1/90	2/94 to present - Vice President - Queens Customer Service 3/90 to 1/94 - Vice President - Construction 12/84 to 2/90 - Assistant Vice President - Electrical Distribution
Charles J. Durkin, Jr. - 51 Vice President - Fossil Power; 9/1/82	12/93 to present - Vice President - Fossil Power 1/88 to 12/93 - Vice President - Engineering 9/82 to 12/87 - Vice President - System and Transmission Operations

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an, Executive Officer, If Longer
Jacob Feinstein - 51 Vice President - System & Transmission Operations; 4/1/91	4/91 to present - Vice President - System & Transmission Operations 12/88 to 3/91 - Plant Manager
Joan S. Freilich - 53 Vice President, Controller and Chief Accounting Officer; 12/1/90	9/94 to present - Vice President, Controller and Chief Accounting Officer 7/92 to 8/94 - Vice President and Controller 12/90 to 6/92 - Vice President - Corporate Planning 12/89 to 11/90 - Assistant Vice President - Corporate Planning
David F. Gedris - 46 Vice President - Maintenance and Construction; 2/1/94	2/94 to present - Vice President - Maintenance and Construction 7/92 to 1/94 - Assistant Vice President - Power Generation Maintenance 3/90 to 6/92 - Assistant Vice President - Steam Operations 11/89 to 2/90 - Project Manager - Steam Operations
Garrett W. Groscup - 54 Vice President - Energy Services; 12/1/82	2/94 to present - Vice President - Energy Services 4/91 to 1/94 - Vice President - Manhattan Customer Service 1/88 to 3/91 - Vice President - System & Transmission Operations 12/82 to 12/87 - Vice President - Engineering
William A. Harkins - 49 Vice President - Planning and Inter-	2/89 to present - Vice President - Planning and Inter-Utility Affairs

Utility Affairs;
2/1/89

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an, Executive Officer, If Longer
Paul H. Kinkel - 50 Vice President - Engineering; 5/24/83	12/93 to present - Vice President - Engineering 12/87 to 12/93 - Vice President - Fossil Power 5/83 to 11/87 - Vice President - Construction
Laurence V. Kleinman - 52 Vice President - Corporate Communications and Public Information; 9/1/86	9/86 to present - Vice President - Corporate Communications and Public Information
John A. Nutant - 59 Vice President - Manhattan Customer Service; 5/27/80	2/94 to present - Vice President - Manhattan Customer Service 7/92 to 1/94 - Vice President - Queens Customer Service 9/86 - 6/92 - Vice President - Purchasing 7/80 to 8/86 - Vice President - Environmental Affairs 5/80 to 6/80 - Vice President
James P. O'Brien - 47 Vice President - Information Resources; 3/1/94	3/94 to present - Vice President - Information Resources (formerly Systems and Information Processing) 6/89 to 2/94 - Assistant Vice President - Employee Relations
Stephen E. Quinn - 48 Vice President - Nuclear Power; 9/1/94	9/94 to present - Vice President - Nuclear Power 8/88 to 8/94 - General Manager - Nuclear Power Generation
Edwin W. Scott - 56 Vice President and Deputy General Counsel; 6/1/89	6/89 to present - Vice President and Deputy General Counsel
Minto L. Soares - 58 Vice President - Bronx Customer Service; 6/1/91	6/91 to present - Vice President - Bronx Customer Service 11/88 to 5/91 - Plant Manager

Name, Age, Positions and Offices with the Company and Date First Became an Executive Officer	Business Experience During the Past Five Years or Since Becoming an, Executive Officer, If Longer
Alfred R. Wassler - 50 Vice President - Purchasing, Trans-	3/94 to present - Vice President - Purchasing, Transportation and Stores

portation and Stores; 8/15/80	7/92 to 2/94 - Vice President - Purchasing 8/80 to 6/92 - Treasurer	

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock ($2.50 par value) is the only class of common equity of the Company. The Common Stock is traded on the New York, Chicago and Pacific Stock Exchanges.

MARKET PRICE RANGE IN CONSOLIDATED REPORTING SYSTEM AND DIVIDENDS PAID ON COMMON STOCK

	1994			1993		
	High	Low	Dividends Paid	High	Low	Dividends Paid
1st Quarter	$32-3/8	$28-3/8	$.50	$35-7/8	$31-1/2	$.48-1/2
2nd Quarter	31-3/8	25-3/4	.50	37-3/8	32-1/2	.48-1/2
3rd Quarter	29-7/8	23	.50	37-3/4	35-1/8	.48-1/2
4th Quarter	27-1/8	24-1/8	.50	36-3/8	30-1/4	.48-1/2

As of January 31, 1995 there were 159,139 holders of record of common stock.

On January 24, 1995, the Board of Trustees of the Company declared a quarterly dividend of 51 cents per share of Common Stock payable on March 15, 1995 to holders of record on February 15, 1995.

ITEM 6. SELECTED FINANCIAL DATA

Year Ended December 31 (Millions of Dollars)	1994	1993	1992	1991	1990
Operating revenues	$ 6,371.1	$ 6,265.4	$ 5,932.9	$ 5,873.1	$ 5,738.9
Fuel	567.8	605.2	710.3	879.4	997.6
Purchased power	787.5	812.6	606.8	561.2	437.4
Gas purchased for resale	341.2	289.7	245.2	223.4	254.2
Operating income	1,036.2	951.1	880.4	813.1	800.8
Net income for common stock	698.7	622.9	567.7	530.1	534.4
Total assets	13,728.4*	13,257.4*	11,596.1	11,107.9	10,685.6
Long-term obligations					
Long-term debt	4,030.5	3,643.9	3,493.6	3,364.8	3,312.7
Capitalized leases	47.8	50.4	52.9	55.5	58.0
Preferred stock subject to mandatory redemption	100.0	100.0	100.0	41.3	43.5
Common shareholders' equity	5,313.0	5,068.5	4,886.9	4,608.3	4,502.1
Per common share:					
Net income	$2.98	$2.66	$2.46	$2.32	$2.34
Cash dividends	$2.00	$1.94	$1.90	$1.86	$1.82
Average common shares outstanding (millions)	234.8	234.0	231.1	228.3	228.2

*Includes $1,106.0 million and $1,150.6 million for 1994 and 1993, respectively, of Regulatory Assets attributable to the adoption of SFAS 109. Equal amounts of Accumulated Deferred Federal Income Tax have been established. See Notes A and G to the financial statements in Item 8.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

SOURCES OF LIQUIDITY. Cash and temporary cash investments were

$245.2 million at December 31, 1994 compared with $36.8 million at December 31, 1993 and $282.5 million at December 31, 1992. The Company's cash balances reflect, among other things, the timing and amounts of external financing.

In the first quarter of 1994, pursuant to its amended dividend reinvestment plan, the Company issued 478,016 shares of common stock for $14.7 million. The Company amended the plan in 1993 to permit, at the option of the Company, the sale of new shares or the purchase in the market of outstanding shares.

In February 1994 the Company issued $150 million of 35-year debentures. In July 1994 the Company issued $150 million of five-year floating rate debentures; the interest rate is reset quarterly, based on the addition of 0.1875 percent to the three-month LIBOR (London Interbank Offered Rate). In December 1994 the Company issued $100 million of 35-year tax-exempt debt through the New York State Energy Research and Development Authority (NYSERDA). The balance of 1994 capital requirements was met from internally generated funds.

In April 1993 the Company issued $101 million of 35-year tax-exempt debt through NYSERDA. The Company issued 373,227 shares of common stock in December 1993 for $11.9 million pursuant to the Company's amended dividend reinvestment plan.

In June 1993 the Company issued $380 million of 30-year debentures of which approximately $80 million was used to meet 1993 capital requirements and the balance was used to retire higher-cost debt securities. Declining interest rates during 1992 and 1993 provided the Company an opportunity to reduce costs by redeeming outstanding securities in advance of maturity dates and replacing them with new securities bearing lower interest or dividend rates. The Company retired all or part of 16 series of securities totaling more than $1.7 billion, replacing them with 16 new series of debt and preferred stock. These refundings produced aggregate first-year savings in interest and preferred dividends of about $22 million, with continued savings in subsequent years.

In 1992 the Company issued $200 million of 35-year tax-exempt debt and $100 million of 35-year taxable debentures. In 1992 the Company issued 5,550,000 shares of common stock for $156.8 million.

The Company's cash requirements are subject to substantial fluctuations during the year due to seasonal variations in cash flow and peak in January and July of each year when the semi-annual payments of New York City property taxes are due.

In 1994, 1993 and 1992 the Company borrowed from banks for short periods. For 1995 the Company has arranged for bank credit lines amounting to $150 million. Borrowings thereunder would bear interest at prevailing market rates.

Customer accounts receivable, less allowance for uncollectible accounts, amounted to $440.5 million, $459.3 million and $424.3 million at December 31, 1994, 1993 and 1992, respectively. In terms of equivalent days of revenue outstanding, these amounts represented 27.1, 27.6 and 26.7 days, respectively.

Regulatory accounts receivable, amounting to $26.3 million, $97.1 million and $167.9 million at December 31, 1994, 1993 and 1992, respectively, include accruals under the three-year electric rate agreement effective April 1, 1992 for differences in electric sales revenues from forecast levels (the "ERAM"

accrual), incentives and "lost revenues" related to the Company's Enlightened Energy program, incentives related to customer service activities and savings achieved in fuel and purchased power costs below target levels. Regulatory accounts receivable are further described in Note A to the financial statements in this report.

The following is a summary of the balances and activity in regulatory accounts receivable in 1994:

(Millions of Dollars)	Balance Dec. 31, 1993	1994 Accruals	1994 Billings	Balance Dec. 31, 1994
ERAM	$36.2	$(63.7)	$ (28.9)	$ (56.4)
Incentives				
Enlightened Energy program	42.4	77.8	(50.1)	70.1
Customer service	6.4	6.8	(6.5)	6.7
Fuel and purchased power	9.8	31.8	(35.7)	5.9
Lost revenues relating to				
Enlightened Energy program	2.3	--	(2.3)	--
Total	$97.1	$ 52.7	$(123.5)	$ 26.3

The balance in regulatory accounts receivable at December 31, 1994 will be billed to customers during 1995 and 1996. The incentives are discussed below under "1992 Electric Rate Settlement Agreement."

Deferred charges for Enlightened Energy program costs amounted to $170.2 million, $140.1 million and $80.8 million at December 31, 1994, 1993 and 1992, respectively. These costs are being recovered in rates, as discussed below under "1992 Electric Rate Settlement Agreement."

The Company's earnings include an allowance for funds used during construction which, as a percent of net income for common stock, was 1.7 percent in 1994 and 1993, and 2.4 percent in 1992.

Interest coverage on the SEC book basis was 4.58, 4.19 and 3.93 times for 1994, 1993 and 1992, respectively. The improvement in interest coverage in 1994 and 1993 was due to debt refundings and increased earnings. The Company's interest coverage continues to be high compared with the electric utility industry generally.

The Company's senior debt (first mortgage bonds) is rated Aa2 by Moody's Investors Service and AA- by Standard & Poor's. In September 1994, following the filing by the New York State Public Service Commission's (PSC) staff of its recommendations with respect to the Company's 1994 electric rate filing, discussed below, Moody's placed its rating of the Company under review for possible downgrade and Standard & Poor's placed its rating of the Company on CreditWatch with negative implications.

Cash flows from operating activities for years 1992 through 1994 were as follows:

(Millions of Dollars)	1994	1993	1992
Net cash flows from operating activities	$1,250	$1,025	$ 962
Less: Dividends on common			

and preferred stock	505	490	475
Net after dividends	$ 745	$ 535	$ 487

Net cash flows in 1994 were favorably affected by incentive billings of $92.3 million, ERAM billings of $28.9 million, and labor productivity improvements resulting in costs estimated to be approximately $51 million less than reflected in rates. Net cash flows in 1993 were favorably affected by incentive billings of $47.5 million, ERAM billings of $104.8 million, and labor productivity improvements resulting in costs estimated to be approximately $29 million less than reflected in rates. Such amounts in 1995 are expected to be lower than in 1994. See the table on the preceding page for balances in regulatory accounts receivable at December 31, 1994 to be billed to customers in future periods.

CAPITAL REQUIREMENTS. The following table compares the Company's capital requirements for the years 1992 through 1994 and estimated amounts for 1995 and 1996:

(Millions of Dollars)	1996	1995	1994	1993	1992
Construction expenditures	$713	$730	$ 758	$ 789	$ 795
Enlightened Energy program costs less recoveries (a)	(20)	(4)	30	59	21
Power contract termination costs - net (b)	(26)	(21)	62	68	-
Nuclear decommissioning trust (b) (c)	21	19	15	19	7
Nuclear fuel	59	11	47	14	35
Investment in gas marketing subsidiary	11	11	7	1	-
Subtotal	758	746	919	950	858
Retirement of long-term debt and preferred stock (d)	184	11	134	178	257
Total	$942	$757	$1,053	$1,128	$1,115

(a) See discussion below of electric rate agreements.
(b) Assumes recovery as proposed by the Company of the portion of these costs not already in rates. See "1994 Electric Rate Increase Filing," below.
(c) See Note A to the financial statements for discussion of nuclear decommissioning costs.
(d) Does not include refundings in advance of maturity. For details of securities maturing after 1996, see Note B to the financial statements.

The Company expects to finance its capital requirements, including amounts for maturing securities, for 1995 and 1996 from internally generated funds and external financings of about $400 million, most, if not all, of which would be debt issues.

In 1995 and 1996 the Company may, from time to time, make short-term borrowings.

ELECTRIC CAPACITY RESOURCES. Electric energy sales in the Company's service area increased, after adjustment for variations, principally weather, by 1.5 percent in 1994 and 1.0 percent in 1993. However, electric peak load growth in the Company's service area continues at approximately 50 megawatts (MW), or about one-half of one percent, per year. The low growth in peak load is largely a result of the Company's Enlightened Energy program, introduced in 1990, which helps our customers purchase and install energy-efficient equipment and encourages the efficient use of energy resources. This program has been modified for future years, based on the Company's experience to date, so as to obtain the same energy efficiency benefits at lower program costs.

In response to federal and state regulatory policies and requirements for utilities to contract with independent power producers (IPPs), the Company by December 1992 had entered into contracts for the supply of approximately 2,700 MW of capacity from facilities of IPPs scheduled to come into service in the 1990s. Plants with 1,670 MW of such capacity are in commercial operation, and the related charges are reflected in the Company's rates. Most of the balance of the IPP capacity (net of the terminations discussed below) is expected to be in operation in 1995. See "1994 Electric Rate Increase Filing," below.

Because of a decline in peak load growth rates and changing conditions in the marketplace, the need for long term power contracts is continuing to be re-evaluated. Excess generating capacity is projected for the Northeast and the market price of power has decreased significantly. Over the past two years, the Company has entered into agreements for the termination of several IPP contracts involving approximately 720 MW at a cost of $211 million (exclusive of interest) to be paid over a period of several years. The Company expects to recover these termination costs from its electric customers and most of these costs are already reflected in rates. See "1994 Electric Rate Increase Filing," below. The Company's electric customers are expected to realize a savings, net of the termination costs, of about $2 billion over the life of the contracts, based on current estimates of future market prices for power.

On May 31, 1994 the Company gave notice of termination to the New York Power Authority (NYPA) with respect to a 20-year contract for the purchase of 780 MW from Hydro-Quebec. Initial deliveries were to begin in April 1999. The terms of the contract, which the Company had entered into in February 1990, had become uneconomic compared to power available in the electric marketplace. The Company is exploring with Hydro-Quebec an extension of its existing summer diversity contract, set to expire in 1998, for a period of up to five years. Under the current contract, the Company purchases 780 MW of capacity and associated energy from Hydro-Quebec during the summer months.

Based on current resource planning, the Company does not expect to add any long-term capacity resources to its system during the next twenty years.

COMPETITION. No federal or New York State law presently requires the Company to permit other sellers of electricity to use the Company's facilities to make sales to the Company's retail customers in New York City and Westchester County. However, in recent years, federal and New York State legislation have promoted the development of non-utility electric generating

capacity and competition at the wholesale level for electric capacity and energy sales. A number of states, including New York, are now considering whether to require electric utilities to deliver electricity from other sellers directly to electricity consumers, referred to as "retail wheeling."

The most likely targets for retail wheeling are large industrial customers and, to a lesser extent, governmental customers. Almost all of the Company's customers are residential or commercial, with sales to industrial customers comprising less than 3 percent of the Company's 1994 electric sales. Most governmental customers in the Company's service area are, and for many years have been, served by the NYPA. If retail wheeling were permitted, the Company's large-usage commercial customers also might be targets. In any case, competition would be mitigated by the limited transmission capacity of the existing facilities for importing power and energy into the Company's service area. Nevertheless, in a competitive environment, the Company would be disadvantaged by the relatively high cost of its in-City generating facilities and the Company's substantial commitments under its IPP contracts. These contracts extend for various periods, up to 2034. The Company estimates that during the next five years under the IPP contracts relating to the 1,670 MW of capacity already in commercial operation, it will be obligated (assuming performance by the IPPs) to make annual capacity-related payments of approximately $180 million. In addition to these capacity payments, one of these contracts

requires the Company (assuming performance by the IPP) to make payments for energy during the next five years which will be about $170 million per year higher priced than the Company's alternative sources of energy.

The Company's strategy for dealing with competition includes ongoing cost reduction, increased productivity, pursuit of growth opportunities and strengthening of customer relations by providing value-added services. Another major element of the strategy which the Company is promoting with government and regulators is a "level playing field" on which the Company could compete without unfair burdens of regulation or taxation. For example, taxes other than federal income taxes represent 21 cents of every dollar the Company bills customers, and one of the Company's largest operating expenses.

The PSC is conducting a generic "competitive opportunities" proceeding to investigate the potential impact of competition on the State's utilities, as well as the appropriate regulatory response to such competition. Among the issues being considered are the current vertically integrated structure of the industry, and the extent to which, in a competitive environment, rate regulation should continue to assure recovery of all costs prudently incurred. If the outcome of this proceeding were to adversely affect the eligibility of New York electric utilities to apply Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation," significant write-downs of assets could be required.

In January 1995 a new State administration took office. It is not known what effect, if any, this change in administration will have on State regulatory policy.

1992 ELECTRIC RATE SETTLEMENT AGREEMENT. On April 1, 1992 the PSC approved an electric rate agreement covering the three-year period April 1, 1992 through March 31, 1995. The principal features of the agreement and subsequent developments are as follows:

Rate Increases. Annual electric rates were increased by $250.5 million (5.0 percent) in April 1992, by $251.2 million (5.0 percent) in April 1993 and by $55.2 million (1.1 percent) in April 1994. The increase in April 1993 included $138.4 million for recovery of accrued ERAM amounts. The increase in April 1994 reflects a return to customers of $6.0 million under ERAM procedures.

Rate of Return and Equity Ratio. The agreement provides a rate of return on common equity of 11.50 percent for the first rate year and 11.60 percent for the second and third rate years, based on a common equity ratio of 52 percent. In order to settle disputed items, including alleged excess earnings in prior years, the Company's revenue allowance was reduced in each of the three years by $35 million.

Earnings Sharing. Earnings above an 11.75 percent return on common equity in the first year, and above 11.85 percent in the second or third year will be shared with customers. One-half will be retained by the Company for shareholders. The other half will be applied first to make up any shortfall below the sharing threshold in the other rate years and the balance deferred to be applied for the future benefit of customers. For purposes of this calculation, earnings levels will exclude incentive awards and labor productivity in excess of amounts reflected in rates.

For each of the first two rate years, the twelve months ended March 31, 1993 and 1994 (and for the first nine months of the third rate year, the nine months ended December 31, 1994), the Company's rate of return on electric common equity, excluding incentives and labor productivity, was below the thresholds for sharing with customers.

Incentive Provisions. The rate agreement provided that the Company could earn additional amounts (not subject to the earnings sharing provision) by attaining certain objectives for the Company's Enlightened Energy program, customer service and fuel costs, or incur penalties for failing to achieve minimum objectives. For calendar years 1994, 1993 and 1992, the Company accrued benefits of $77.8 million (including $25.8 million related to prior years' achievements), $36.2 million and $28.8 million, respectively, before federal income tax, for the Enlightened Energy incentive. For calendar years 1994, 1993 and 1992, the Company earned $6.8 million, $6.5 million and $4.5 million, respectively, before federal income tax, for customer service performance.

Partial Pass-Through Fuel Adjustment Clause. A partial pass-through fuel adjustment clause (PPFAC) was implemented with monthly targets for fuel and purchased power costs. The Company retains for stockholders 30 percent of any savings in actual costs below the target amount, but must bear 30 percent of any excess of actual costs over the target. For each rate year of the agreement there is a $30 million cap on the maximum incentives or penalties under the PPFAC, with a "sub-cap" (within the $30 million cap) of $10 million for generation from the Company's Indian Point 2 nuclear unit. For calendar years 1994, 1993 and 1992, the Company earned $31.8 million, $26.9 million

and $24.8 million, respectively, before federal income tax. These amounts are billed to customers on a monthly basis through the fuel adjustment clause.

Enlightened Energy Program Costs and Incentive Recovery. The costs for the Enlightened Energy program for each rate year of the agreement are generally recovered over a five-year period. Unrecovered balances earn an approved rate of return. The incentive for Enlightened Energy is recovered in the rate year following the calendar year in which it is earned.

As part of the agreement, Enlightened Energy program costs, incentives and associated lost revenues deferred as of March 31, 1992 of approximately $98 million were set off against an equal amount of property tax reductions and other deferred credits that had been previously deferred for the future benefit of customers. Effective April 1, 1992, lost revenues associated with the Enlightened Energy program are reflected in the ERAM.

Electric Revenue Adjustment Mechanism. The settlement introduced a rate-making concept known as the ERAM. The purpose of the ERAM is to eliminate the linkage between customers' energy consumption and Company profits. Under the ERAM the Company's rates are based on annual forecasts of electric sales and sales revenues with return to or recovery from customers of any overages or deficiencies from the forecast in the prior rate year. Implementation of the ERAM removes from Company earnings all variations in electric sales from forecasts, including the effects of year-to-year weather variations and the results of changes in economic conditions. In 1994 the Company set aside $63.7 million to be returned to customers for revenue overcollections under the ERAM. In 1993 the Company accrued $10.9 million of additional revenues under the ERAM compared with $130.1 million accrued under the ERAM in 1992.

1994 ELECTRIC RATE INCREASE FILING. In April 1994 the Company filed with the PSC for a $191.3 million electric rate increase to become effective April 1, 1995. On September 9, 1994 the PSC staff filed a recommendation for an electric rate reduction of $199 million, and on September 23, 1994 the Company revised its electric rate increase request to $223 million. On December 30, 1994 the PSC's Administrative Law Judges (ALJs) hearing the case issued a recommended decision which, if adopted by the PSC, would provide for a $23 million, one-year rate increase.

On January 19, 1995 the Company, the PSC staff and other parties to the rate case announced that they had reached an agreement in principle resolving the issues in the case. On February 3, 1995 the Company and the PSC staff signed a detailed written agreement reflecting this resolution. The agreement has been submitted to the PSC for approval, and the PSC is expected to act on the agreement in March 1995.* If approved, the agreement would be effective for a three-year period beginning April 1, 1995 but could be extended. The principal features of the proposed new settlement agreement are as follows:

Limited Increases in Base Revenues. There will be no increase in base electric revenues for the first rate year of the agreement (the twelve months ending March 31, 1996). However, differences between actual and projected amounts for certain expense items during the first rate year will be reconciled and deferred for charging or crediting to customers. These items include pension and retiree health and life insurance expenses, costs incurred under IPP contracts, and certain demand side management and renewable energy expenses. Property tax differences will be similarly reconciled and charged or credited to customers, except that the Company will absorb (or retain) 14 percent of any property tax increase or decrease from the forecast amounts.

For each of the second and third rate years, rates will be changed to provide for projected increases or decreases in each year in pension and retiree health and life insurance costs, IPP contract costs, and demand side management and renewable energy costs. During the second and third rate years, differences between the projected and actual amounts of these items, and property taxes, will be reconciled and deferred for charging or crediting to customers as in the case of the first rate year, including the 86 percent/14 percent sharing between customers and the Company of property tax changes from the levels projected for the first rate year.

Unlike previous multi-year rate settlements, there will be no increases in rates to cover general escalation, wage and salary increases or carrying costs on increased utility plant investment. The rates effective April 1, 1995 will give customers the benefit of labor productivity achieved during the term of the 1992 electric rate settlement. Under the proposed settlement agreement, subject to the earnings sharing provisions discussed below, the Company will retain the benefit of further productivity gains achieved in excess of the productivity gain forecast for the first rate year.

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* At its public session on March 29, 1995, the PSC indicated its general approval of the agreement, with some changes in detail. The specific terms of the PSC's order are not yet available.

Return on Equity and Equity Ratio. The settlement is premised on a rate of return on common equity of 11.1 percent in the first rate year and assumes a 52 percent common equity ratio throughout the term of the agreement. Base rates in the second and third rate years will be adjusted for changes in the allowed return on equity. The allowed rate of return on equity is to be adjusted for each succeeding rate year by adding or subtracting one-half of the change in 30- year Treasury bond rates from a January/February 1995 base to or from 11.1 percent. The maximum change in the rate of return from the previous rate year is 100 basis points (one percent).

Costs for debt and preferred stock will not be updated from the levels projected for the first rate year.

Earnings Sharing. Following each rate year the Company's actual return on equity will be calculated, using actual capitalization ratios and debt and preferred stock costs, but excluding any earnings from the incentives discussed below. The Company will retain 100 percent of any earnings up to 50 basis points above the allowed rate of return for that rate year. The Company will retain 50 percent of earnings exceeding the allowed rate of return by more than 50 basis points but not more than 150 basis points and the balance will be deferred for customer benefit. The Company will retain 25 percent of earnings that exceed the allowed rate of return by more than 150 basis points; one third of the balance will be deferred for customer benefit and two-thirds will be applied to reduce rate base balances in a manner to be determined by the Company.

Contested Power Purchases and IPP Termination Costs. A major portion of the rate decrease which had been proposed by the PSC staff was based on proposed disallowances of costs associated with the Company's largest IPP contract, with Sithe Energies, Inc., and with a contract with NYPA relating to its Blenheim-Gilboa pumped-storage plant. The settlement agreement resolves the staff allegations by providing that "no future ratemaking

disallowances based on grounds of imprudence [relating to the Sithe or Blenheim-Gilboa contracts]... will be permitted."

The settlement agreement also provides for full recovery by the Company of all IPP contract termination costs incurred to date, and permits the Company to petition the PSC to defer the costs of new IPP contract terminations or modifications, if any, during the term of the settlement agreement.

Incentive Provisions. The settlement agreement, like the 1992 electric rate settlement, includes provisions which permit the Company to earn additional incentive amounts, not subject to the earnings sharing provisions, by attaining certain objectives for the Company's Enlightened Energy program, fuel costs, and customer service. There would also be penalties for failing to achieve minimum objectives, and there is a penalty-only incentive mechanism designed to encourage the Company to maintain its high level of service reliability.

The Company estimates that it could earn incentive amounts equivalent to a maximum of 22 basis points of additional equity rate of return (or a maximum penalty of 22 basis points) under the Enlightened Energy provision; a maximum incentive (or penalty) of 50 basis points under the fuel incentive; and a maximum incentive of 10 basis points (or a maximum penalty of 15 basis points) under the customer service incentive. Under the service reliability incentive mechanism, the maximum penalty will be the equivalent of 5 basis points of common equity return. In general, opportunities for earning incentives will be more limited under the new settlement agreement than under the 1992 electric rate settlement.

Partial Pass-Through Fuel Adjustment Clause. The fuel incentive is implemented through the PPFAC, which is continued with certain modifications from the 1992 electric rate settlement. Under the PPFAC, monthly targets are set for fuel and purchased power costs. The Company will collect, as an incentive, 30 percent of any savings in actual costs below the target amount, and must bear 30 percent of any excess of actual costs over the target. For each rate year of the settlement there will be a $35 million cap on the maximum incentive or penalty, with a "sub-cap" (within the $35 million cap) of $10 million for costs associated with generation from the Company's Indian Point 2 nuclear unit.

Modified ERAM. The settlement agreement continues, in modified form, the ERAM introduced in the 1992 electric rate settlement. Under the ERAM, the Company's electric revenues are adjusted, up or down, to offset variances of actual electric revenues from those forecast. Such variances typically result from factors, such as weather and the Enlightened Energy program, which alter consumption patterns. The new settlement agreement adds to the ERAM a revenue per customer (RPC) mechanism which excludes from adjustment those variances in the Company's electric revenues which result from changes in the number of customers in each electric service classification. A forecast amount of revenue per customer (the RPC Factor) is developed for each service classification by dividing the forecast amount of revenue expected from that service classification by the average number of customers expected in that classification during the first

rate year. At the end of each rate year, the RPC Factor for each service classification is multiplied by the actual average number of customers in that classification for that rate year. The

result is compared with the actual revenues from that service classification. The RPC Factor for the following rate year will be adjusted to return any surplus, or collect any deficiency, to or from customers in that classification during the following rate year. The RPC Factors will also be adjusted for the second and third rate years to reflect any increase or decrease in allowed base revenues (e.g. because of a change in allowed return on equity). Thus, the Company will retain additional revenues attributable to added customers, but will bear the revenue shortfall resulting from lost customers, while other variances from forecast revenues will be deferred for subsequent collection from, or return to, customers, and will not affect the Company's earnings.

The RPC mechanism will not apply to delivery service for NYPA.

Nuclear Decommissioning Expense and Other Depreciation. Revenues for each rate year include an annual allowance of $23.1 million for the cost of decommissioning the Company's nuclear units (including $1.8 million for the non-nuclear portions). This represents an increase over the $14.8 million decommissioning expense allowance (including $3.1 million for the non-nuclear portions) under the 1992 electric rate settlement.

The Company's request for additional depreciation allowances for retired generation facilities and acceleration of recovery of other production plant was deferred by the ALJs for consideration as part of the PSC's generic "competitive opportunities" proceeding, and is not reflected in this settlement.

Extension of Agreement. The proposed settlement stipulates that if the Company abstains from filing for a general electric rate increase to take effect at the end of the three-year period, the operation of the settlement agreement will be extended beyond March 31, 1998, the end of the third rate year. In such event the provisions for limited rate changes, adjustment of equity return, earnings sharing, incentives, and modified ERAM will continue in effect until changed by the PSC.

Restrictions on Further Changes. In general, the settlement will not permit further changes in the Company's base electric rates during the settlement period (April 1, 1995 - March 31, 1998), except as provided in the settlement. However, as in prior settlements, there are limited exceptions, for the protection of both the Company and the customers, including exceptions for certain tax and regulatory changes.

As noted above, the settlement is subject to the approval of the PSC.* While the PSC may condition its approval on further changes, the Company is not obliged to accept the settlement with any such changes that are not agreeable to the Company.

GAS AND STEAM RATE INCREASES. In October 1991 the PSC granted the Company permission to increase its firm gas and steam base rates by $21.4 million (3.1 percent) and $17.6 million (5.0 percent), respectively. The increases were premised upon an allowed equity return of 11.3 percent and a common equity ratio of 50 percent of total capitalization.

In October 1992 the PSC approved two-year gas and steam rate settlements which included annual increases for the first rate year in firm gas and steam rates of $12.3 million (1.9 percent) and $11.8 million (3.6 percent), respectively. In September 1993 the PSC granted the Company permission to increase its firm gas rates for the second rate year by $21.6 million (2.8 percent). In

lieu of a steam rate increase of $2.1 million for the second rate year, the PSC authorized the Company to retain certain tax refunds being held by the Company for return to steam customers. The gas and steam rate settlements were premised upon an allowed equity return of 11.6 percent and a common equity ratio of 52 percent of total capitalization. Earnings above an 11.95 percent return were to be shared equally with customers. For the first and second rate years, the twelve months ended September 30, 1993 and 1994, the Company's rate of return on gas common equity was below the 11.95 percent threshold for sharing with customers. The Company's rate of return on steam common equity for the first and second rate years was above the sharing threshold, and as a result, the Company recorded a provision for refund to steam customers of $1.7 million in 1993 and $3.6 million in 1994.

In October 1994 the PSC approved three-year rate agreements for gas and steam services. The agreements provide for gas and steam rate increases in the first rate year, the twelve months ending September 30, 1995, of $7.7 million (0.9 percent) and $9.9 million (3.0 percent), respectively, and a methodology for rate changes in the second and third rate years. For both services, the October 1994 increases reflect a 10.9 percent rate of return on common equity and a 52.0 percent common equity ratio. The agreements contain "excess earnings" provisions giving stockholders the benefit of 100 percent retention of any earnings between 10.9 percent and 11.65 percent, and 50 percent sharing with customers above 11.65 percent. The gas agreement contains incentive (or penalty) mechanisms (not subject to the "excess earnings" provisions), equivalent to approximately 85 basis points of return on common equity.

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* See footnote on page 58.

CLEAN AIR ACT AMENDMENTS. The Clean Air Act amendments of 1990 impose limits on sulfur dioxide emissions from electric generating units. Because the Company uses very low sulfur fuel oil and natural gas as boiler fuels, the sulfur dioxide emission limits should not affect the Company's operations. The Company will incur increased capital and operating costs to meet the nitrogen oxide emissions limits set by the New York State Department of Environmental Conservation under the "Reasonably Available Control Technology" (RACT) provisions of the Clean Air Act. The Company has spent approximately $23 million to comply with the Phase I limitations. The State may further reduce the nitrogen oxide emissions limits under Phase II of the RACT program which is expected to take effect in 1999. New York and nine other member states of the Northeast Ozone Transport Commission have entered into a Memorandum of Understanding which calls for the states to adopt more stringent nitrogen oxide emissions limits for RACT Phases II and III, effective in 1999 and 2003, respectively. The Company estimates that the cost of compliance with these phases could approximate $180 million.

NUCLEAR FUEL DISPOSAL. The Company has a contract with the United States Department of Energy (DOE) which provides that, in return for payments being made by the Company to the DOE pursuant to the contract, the DOE, starting in 1998, will take title to the Company's spent nuclear fuel, transport it to a Federal repository and store it permanently. Notwithstanding the contract, the DOE has announced that it is not likely to have an operating permanent repository before 2010. The DOE has also taken the position that it is not obligated to begin accepting the spent fuel until it has an appropriate facility for such purpose. In June 1994 the Company and a number of other utilities petitioned the United States Court of Appeals for the District of

Columbia for a declaratory judgment that the DOE is unconditionally obligated to begin accepting the spent fuel by 1998, an order directing the DOE to implement a program enabling it to begin acceptance of spent fuel by 1998, and, if warranted, appropriate relief for the financial burden to the utilities resulting from the DOE's delay. The Company estimates that it now has adequate on-site capacity until 2005 for interim storage of its spent fuel. If the DOE does not begin accepting spent fuel by 2005, absent regulatory or technological developments, the Company expects that it will require additional on-site or other spent fuel storage facilities. Such additional facilities would require regulatory approvals. In the event that the Company is unable to make appropriate arrangements for the storage of its spent fuel, the Company would be required to curtail the operation of its Indian Point 2 nuclear unit. See discussion of decommissioning in Note A to the financial statements.

SUPERFUND AND ASBESTOS CLAIMS AND OTHER CONTINGENCIES. Reference is made to Note F to the financial statements for information concerning potential liabilities of the Company arising from the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("Superfund"), from claims relating to alleged exposure to asbestos, and from certain other contingencies to which the Company is subject.

IMPACT OF INFLATION. In an inflationary period the purchasing power of the dollar declines. The historical cost amounts reported in traditional financial statements represent dollars of varying purchasing power because such financial statements combine dollars spent at various times in the past with dollars spent currently.

Although the rate of inflation has eased greatly from its peak levels, the Company is still affected by the decline in the purchasing power of the dollar caused by even modest inflation. The Company cannot readily increase its prices to keep pace with inflation. The regulatory process introduces a time lag during which increased operating expenses are typically not fully recovered. Moreover, regulation permits the Company to recover through depreciation only the historical cost of its plant assets even though in an inflationary economy the cost to replace the assets upon their retirement will substantially exceed historical cost. Thus, the Company experiences losses on its property equivalent to the effect of inflation. These losses are, however, partially offset by the fact that repayment of the Company's long-term debt is made in dollars of lesser value than the dollars originally borrowed.

RESULTS OF OPERATIONS

Earnings per share were $2.98 in 1994, $2.66 in 1993 and $2.46 in 1992. The average number of common shares outstanding for 1994, 1993 and 1992 was 234.8 million, 234.0 million and 231.1 million, respectively.

Earnings for 1994, 1993 and 1992 reflect electric, gas and steam rate increases, incentives earned and labor productivity retained under the provisions of the 1992 electric rate agreement, discussed above. There were no incentives accrued in 1994 under the October 1994 gas rate agreement.

OPERATING REVENUES AND FUEL COSTS. Operating revenues in 1994 and 1993 increased from the prior year by $107.7 million and by

$332.5 million, respectively. The principal increases and decreases in revenues were:

(Millions of Dollars)	Increase (Decrease)	
	1994 over 1993	1993 over 1992
Electric, gas and steam rate changes	$115.8	$238.2
Fuel billings	(143.3)	113.4
Sales volume changes		
Electric*	56.3	167.4
Gas	26.1	11.2
Steam	14.4	(1.6)
Weather normalization-gas	(5.6)	7.9
ERAM accrual	(74.7)	(119.2)
ERAM billings-prior rate year accruals	75.9	(104.8)
Sales to other electric utilities	19.8	.9
Other	23.0	19.1
Total	$107.7	$332.5

*Includes Con Edison direct customers and delivery service for NYPA and municipal agencies.

The decrease in fuel billings in 1994 reflects decreases in the unit costs of both purchased power and fuel used to produce electricity. The increase in fuel billings in 1993 reflects an increase in the unit cost of fuel used to produce electricity and steam and increased electric sales due to weather variations. Fuel costs in 1994 and 1993 were also affected by the greater availability in 1994 than 1993 of lower-cost nuclear generation from the Company's Indian Point 2 unit. The cost of gas per therm was 10.4 percent lower in 1994 than in 1993 but was 11.5 percent higher in 1993 than in 1992.

Electricity sales volume in the Company's service territory increased 2.0 percent in 1994 and 3.3 percent in 1993. Gas sales volume to firm customers increased 3.9 percent in 1994 and 0.6 percent in 1993. Transportation of customer-owned gas decreased 12.1 percent in 1994 and 17.9 percent in 1993, primarily due to a reduction in the volume of gas transported for NYPA's use as boiler fuel at its Poletti unit. Steam sales volume increased 4.4 percent in 1994 and was unchanged in 1993.

The Company's electricity, gas and steam sales vary seasonally in response to weather. Electric peak load occurs in the summer, while gas and steam sales peak in the winter. After adjusting for variations, principally weather, in each period, electricity sales volume increased 1.5 percent in 1994 and 1.0 percent in 1993. Similarly adjusted, gas sales volume to firm customers increased 1.6 percent in 1994 and 3.9 percent in 1993, and steam sales volume increased 0.6 percent in 1994 and decreased 0.1 percent in 1993. Weather-adjusted sales represent the Company's estimate of the sales that would have been made if historical average weather conditions had prevailed.

OTHER OPERATIONS AND MAINTENANCE EXPENSES. Other operations and maintenance expenses decreased 1.5 percent in 1994 and increased 5.4 percent in 1993. The decrease in 1994 reflects lower production expenses principally due to the refueling and maintenance outage of the Indian Point 2 nuclear unit in 1993 but none in 1994. The decrease was offset by costs in connection with the settlement of an environmental proceeding (discussed below)

and higher health insurance costs. For 1993 the increase reflects the cost of the 1993 refueling and maintenance outage of the Indian Point 2 nuclear unit, higher electric and gas distribution expenses, the amortization of previously deferred costs associated with the Company's Enlightened Energy program, in accordance with the electric rate agreements, and higher labor costs.

In November 1994 the Company settled a New York State Department of Environmental Conservation (DEC) civil administrative proceeding against the Company. Pursuant to the settlement, the Company has paid a $9 million penalty and contributed $5 million to an environmental projects fund. The penalty was charged to miscellaneous income deductions ($2 million in 1994 and $7 million in prior years). The payment to the environmental projects fund was charged to operations and maintenance expense in 1994. See Note F to the financial statements for additional information about the settlement.

TAXES OTHER THAN FEDERAL INCOME TAX. At $1.1 billion, taxes other than federal income tax remain one of the Company's largest operating expenses. The principal components and variations in operating taxes were:

(Millions of Dollars)	Increase (Decrease)		
	1994 Amount	1994 Over 1993	1993 Over 1992
Property taxes	$ 539.4	$(36.8)	$(68.3)
State and local taxes on revenues	462.5	(6.3)	26.9
Payroll taxes	57.8	(.2)	1.8
Other taxes	68.0	11.7	(.7)
Total	$1,127.7*	$(31.6)	$(40.3)

*Including sales taxes on customers' bills, total taxes other than federal income taxes billed to customers in 1994 were $1,420.7 million.

The reductions in property taxes in 1994 and 1993 reflect decreases in the share of total New York City property taxes borne by the Company. Under the terms of the current electric, gas and steam rate agreements the difference between property taxes included in rates and actual property taxes is being deferred for future collection from or return to customers. The increase in state and local taxes on revenues in 1993 was due principally to increased revenues. The Company bills its customers for all revenue taxes and remits the amounts collected to the municipalities and the state.

OTHER INCOME. Other income decreased $2.3 million in 1994 and $9.7 million in 1993. For 1994 the decrease reflects lower interest income accrued on ERAM revenue under the 1992 electric rate agreement. For 1993 the decrease reflects a lower level of temporary cash investments and lower interest rates. The decrease in both years also reflects the DEC settlement.

NET INTEREST CHARGES. Interest on long-term debt increased in 1994 and 1993 by $7.3 million in each year principally as a result of new debt issues offset to a large extent by the effect of debt refundings.

FEDERAL INCOME TAX. Federal income tax increased $73.6 million in 1994 and $44.5 million in 1993 reflecting the changes each year in income before tax and in tax deductions. For the rate treatment of the increase in the corporate income tax rate from 34 percent to 35 percent effective January 1, 1993, see Note G to the financial statements.

February 28, 1995

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

A. Financial Statements

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Separate financial statements of subsidiaries, not consolidated, have been omitted because, if considered in the aggregate, they would not constitute a significant subsidiary.

B. Supplementary Financial Information

Selected Quarterly Financial Data for the years ended December 31, 1994 and 1993 (Unaudited)

1994 (Millions of Dollars)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	$1,697.8	$1,392.1	$1,822.0	$1,461.2
Operating income	265.1	158.0	418.4	194.7
Net income	189.3	87.2	339.9	117.9
Net income for common stock	180.4	78.3	331.0	109.0

Earnings per common share	$ .77	$ .33	$1.41	$ .47

1993 (Millions of Dollars)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenues	$1,586.1	$1,396.0	$1,799.7	$1,483.6
Operating income	222.3	134.5	400.1	194.2
Net income	153.9	62.5	324.8	117.3
Net income for common stock	145.0	53.6	315.9	108.4
Earnings per common share	$ .62	$ .23	$1.35	$ .46

In the opinion of the Company these quarterly amounts include all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation.

Report of Independent Accountants

To the Board of Trustees and Stockholders of
Consolidated Edison Company of New York, Inc.

In our opinion, the consolidated financial statements listed under Item 8.A in the index appearing on page 68 present fairly, in all material respects, the financial position of Consolidated Edison Company of New York, Inc. and its subsidiaries at December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse LLP

Price Waterhouse LLP
1177 Avenue of the Americas
New York, N.Y. 10036

February 28, 1995

CONSOLIDATED BALANCE SHEET
Consolidated Edison Company of New York, Inc.

Assets

At December 31 (Thousands of Dollars)	1994	1993
Utility plant, at original cost (Notes A and B)		
Electric	$10,956,187	$10,530,193
Gas	1,437,071	1,341,704

Steam	430,848	403,411
General	1,083,705	1,015,947
Total	13,907,811	13,291,255
Less: Accumulated depreciation	3,828,646	3,594,784
Net	10,079,165	9,696,471
Construction work in progress	389,630	389,244
Nuclear fuel assemblies and components, less accumulated amortization	92,413	70,441
Net utility plant	10,561,208	10,156,156
Current assets		
Cash and temporary cash investments (Note A)	245,221	36,756
Accounts receivable -- customers, less allowance for uncollectible accounts of $21,600 in 1994 and 1993	440,496	459,261
Other receivables	61,853	84,955
Regulatory accounts receivable (Note A)	26,346	97,117
Fuel, at average cost	50,883	53,755
Gas in storage, at average cost	50,698	49,091
Materials and supplies, at average cost	229,744	245,785
Prepayments	56,283	56,274
Other current assets	13,262	11,486
Total current assets	1,174,786	1,094,480
Investments and nonutility property	111,523	93,899
Deferred charges		
Enlightened Energy program costs (Note A)	170,201	140,057
Unamortized debt expense	138,428	144,928
Power contract termination costs	180,506	121,740
Other deferred charges (Note A)	285,721	355,475
Total deferred charges	774,856	762,200
Regulatory asset-future federal income taxes (Notes A and G)	1,105,991	1,150,630
Total	$13,728,364	$13,257,365

Capitalization and Liabilities		
At December 31 (Thousands of Dollars)	1994	1993
Capitalization (see Consolidated Statement of Capitalization)		
Common shareholders' equity	$ 5,312,997	$ 5,068,530
Preferred stock subject to mandatory redemption (Note B)	100,000	100,000
Other preferred stock	540,310	540,728
Long-term debt	4,030,464	3,643,891
Total capitalization	9,983,771	9,353,149
Noncurrent liabilities		
Obligations under capital leases	47,805	50,355
Other noncurrent liabilities	72,561	125,369
Total noncurrent liabilities	120,366	175,724
Current liabilities		
Long-term debt due within one year (Note B)	10,889	133,639
Accounts payable	374,469	392,543
Customer deposits	161,455	157,380
Accrued income taxes	3,022	28,410
Other accrued taxes	6,799	30,896
Accrued interest	84,544	82,002
Accrued wages	73,611	81,174
Other current liabilities	179,611	179,876
Total current liabilities	894,400	1,085,920
Provisions related to future federal income taxes and other deferred credits (Notes A and G)		
Accumulated deferred federal income tax	2,266,458	2,234,350
Accumulated deferred investment tax credits	191,524	201,144
Other deferred credits	271,845	207,078
Total deferred credits	2,729,827	2,642,572
Contingencies (Note F)		
Total	$13,728,364	$13,257,365

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT
Consolidated Edison Company of New York, Inc.

Year Ended December 31 (Thousands of Dollars)	1994	1993	1992

Operating revenues (Note A)			
Electric	$5,140,472	$5,131,665	$4,892,054
Gas	890,107	808,389	728,343
Steam	342,507	325,340	312,507
Total operating revenues	6,373,086	6,265,394	5,932,904
Operating expenses			
Fuel	567,764	605,213	710,250
Purchased power	787,455	812,616	606,822
Gas purchased for resale	341,204	289,708	245,175
Other operations	1,146,094	1,106,966	1,062,552
Maintenance	506,179	570,794	528,994
Depreciation and amortization (Note A)	422,356	403,730	380,861
Taxes, other than federal income tax	1,127,691	1,159,283	1,199,573
Federal income tax (Notes A and G)	438,160	366,020	318,320
Total operating expenses	5,336,903	5,314,330	5,052,547
Operating income	1,036,183	951,064	880,357
Other income (deductions)			
Investment income (Note A)	10,601	4,934	12,063
Allowance for equity funds used during construction (Note A)	8,354	7,222	9,313
Other income less miscellaneous deductions	(15,201)	(7,565)	(3,899)
Federal income tax (Notes A and G)	(430)	1,010	(2,150)
Total other income	3,324	5,601	15,327
Income before interest charges	1,039,507	956,665	895,684
Interest on long-term debt	289,060	281,756	274,442
Other interest	19,853	19,721	21,688
Allowance for borrowed funds used during construction (Note A)	(3,676)	(3,334)	(4,534)
Net interest charges	305,237	298,143	291,596
Net income	734,270	658,522	604,088
Preferred stock dividend requirements	35,587	35,617	36,428
Net income for common stock	$ 698,683	$ 622,905	$ 567,660
Earnings per common share based on average number of shares outstanding during each year (234,753,901; 233,981,369; and 231,129,040)	$2.98	$2.66	$2.46

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Consolidated Edison Company of New York, Inc.

Year Ended December 31 (Thousands of Dollars)	1994	1993	1992
Operating activities			
Net income	$ 734,270	$ 658,522	$604,088
Principal non-cash charges (credits) to income			
Depreciation and amortization	422,356	403,730	380,861
Federal income tax deferred	64,090	94,210	67,870
Common equity component of allowance for funds used during construction	(7,876)	(6,795)	(8,710)
Other non-cash charges	65,669	(20,578)	49,086
Changes in assets and liabilities			
Accounts receivable - customers, less allowance for uncollectibles	18,765	(34,912)	(34,367)
Regulatory accounts receivable	70,771	70,814	(127,497)
Materials and supplies, including fuel and gas in storage	17,306	60,554	(6,570)
Prepayments, other receivables and other current assets	21,317	(32,236)	16,088
Enlightened Energy program costs	(30,144)	(59,297)	(20,841)
Power contract termination costs	(62,376)	(68,380)	-
Accounts payable	(18,074)	19,007	28,689
Other - net	(46,175)	(59,374)	13,326
Net cash flows from operating activities	1,249,899	1,025,265	962,023
Investing activities including construction			
Construction expenditures	(757,530)	(789,068)	(794,681)
Nuclear fuel expenditures	(47,071)	(14,092)	(35,220)
Contributions to nuclear decommissioning trust	(14,586)	(19,247)	(6,973)
Common equity component of allowance for funds used during construction	7,876	6,795	8,710
Investments other than temporary cash investments	-	-	137,152
Net cash flows from investing activities including construction	(811,311)	(815,612)	(691,012)
Financing activities including dividends			
Issuance of common stock	14,650	11,881	156,788
Issuance of preferred stock	-	-	100,000
Issuance of long-term debt	400,000	1,378,475	875,000
Retirement of long-term debt and preferred stock	(133,639)	(177,897)	(256,718)
Advance refunding of long-term debt and preferred stock	-	(1,069,732)	(664,000)
Issuance and refunding costs	(5,988)	(108,562)	(41,996)
Common stock dividends	(469,561)	(453,902)	(439,150)
Preferred stock dividends	(35,585)	(35,614)	(36,343)
Net cash flows from financing activities including dividends	(230,123)	(455,351)	(306,419)
Net increase (decrease) in cash and temporary cash investments	208,465	(245,698)	(35,408)
Cash and temporary cash investments at January 1	36,756	282,454	317,862
Cash and temporary cash investments at December 31	$ 245,221	$ 36,756	$282,454
Supplemental disclosure of cash flow information			

Cash paid during the period for:			
Interest	$ 269,839	$ 265,475	$261,619
Income taxes	385,355	280,122	250,753

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CAPITALIZATION
Consolidated Edison Company of New York, Inc.

At December 31 (Thousands of Dollars)	Shares outstanding December 31, 1994	Shares outstanding December 31, 1993	1994	1993
Common shareholders' equity (Note B)				
Common stock, $2.50 par value, authorized 340,000,000 shares	234,905,235	234,372,931	$1,463,913	$1,448,845
Retained earnings			3,888,010	3,658,886
Capital stock expense			(38,926)	(39,201)
Total common shareholders' equity			5,312,997	5,068,530
Preferred stock (Note B)				
Subject to mandatory redemption				
Cumulative Preferred, $100 par value,				
7.20% Series I	500,000	500,000	50,000	50,000
6 1/8% Series J	500,000	500,000	50,000	50,000
Total subject to mandatory redemption			100,000	100,000
Other preferred stock				
$5 Cumulative Preferred, without par value, authorized 1,915,319 shares	1,915,319	1,915,319	175,000	175,000
Cumulative Preferred, $100 par value, authorized 6,000,000 shares*				
5 3/4% Series A	600,000	600,000	60,000	60,000
5 1/4% Series B	750,000	750,000	75,000	75,000
4.65% Series C	600,000	600,000	60,000	60,000
4.65% Series D	750,000	750,000	75,000	75,000
5 3/4% Series E	500,000	500,000	50,000	50,000
6.20% Series F	400,000	400,000	40,000	40,000
Cumulative Preference, $100 par value, authorized 2,250,000 shares				
6% Convertible Series B	53,102	57,278	5,310	5,728
Total other preferred stock			540,310	540,728
Total preferred stock			$ 640,310	$ 640,728

*Represents total authorized shares of cumulative preferred stock, $100 par value, including preferred stock subject to mandatory redemption.

The accompanying notes are an integral part of these financial statements.

At December 31 (Thousands of Dollars)			1994	1993
Long-term debt (Note B)				
Maturity	Interest Rate	Series		
First and Refunding Mortgage Bonds (open-end mortgage):				
1994	4.60%	BB	$ -	$125,000
1996	5	CC	100,000	100,000
1996	5.90	DD	75,000	75,000
Total mortgage bonds			175,000	300,000
Debentures:				
1997	5.30%	1993 E	100,000	100,000
1998	6 1/4	1993 A	100,000	100,000
1998	5.70	1993 F	100,000	100,000
1999	6 1/2	1992 D	75,000	75,000
1999	*	1994 B	150,000	-
2000	7 3/8	1992 A	150,000	150,000
2000	7.60	1992 C	125,000	125,000
2001	6 1/2	1993 B	150,000	150,000
2002	6 5/8	1993 C	150,000	150,000
2003	6 3/8	1993 D	150,000	150,000
2004	7 5/8	1992 B	150,000	150,000

2005	7 3/8	1992 E	75,000	75,000
2023	7 1/2	1993 G	380,000	380,000
2025	9.70	1990 A	27,414	27,414
2026	9 3/8	1991 A	95,329	95,329
2027	8.05	1992 F	100,000	100,000
2029	7 1/8	1994 A	150,000	-
Total debentures			2,227,743	1,927,743
Tax-exempt debt- notes issued to New York State Energy Research and Development Authority for Facilities Revenue Bonds:				
2020	9 %	1985 A	128,285	128,285
2020	5 1/4	1993 B	127,715	127,715
2021	7 1/2	1986 A	150,000	150,000
2022	7 1/8	1987 A	100,855	100,855
2022	9 1/4	1987 B	29,385	29,385
2022	5 3/8	1993 C	19,760	19,760
2024	7 3/4	1989 A	150,000	150,000
2024	7 3/8	1989 B	100,000	100,000
2024	7 1/4	1989 C	150,000	150,000
2025	7 1/2	1990 A	150,000	150,000
2026	7 1/2	1991 A	128,150	128,150
2027	6 3/4	1992 A	100,000	100,000
2027	6 3/8	1992 B	100,000	100,000
2028	6	1993 A	101,000	101,000
2029	7 1/8	1994 A	100,000	-
Total tax-exempt debt			1,635,150	1,535,150
Other long-term debt:				
Liens on purchased gas turbines			22,779	31,419
Other long-term debt			9,007	10,476
Unamortized debt discount			(28,326)	(27,258)
Total			4,041,353	3,777,530
Less: Long-term debt due within one year			10,889	133,639
Total long-term debt			4,030,464	3,643,891
Total capitalization			$9,983,771	$9,353,149

*This rate is reset quarterly. For the fourth quarter of 1994 it was 5.625%.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
Consolidated Edison Company of New York, Inc.

Year Ended December 31 (Thousands of Dollars)	1994	1993	1992
Balance, January 1	$3,658,886	$3,489,880	$3,361,305
Net income for the year	734,270	658,522	604,088
Total	4,393,156	4,148,402	3,965,393
Dividends declared on capital stock			
Cumulative Preferred, at required annual rates	35,259	35,259	35,957
Cumulative Preference, 6% Convertible Series B	326	355	386
Common, $2.00, $1.94 and $1.90 per share	469,561	453,902	439,150
Total dividends declared	505,146	489,516	475,493
Redemption of Cumulative Preferred Stock, 8 1/8% Series H	-	-	20
Total deductions	505,146	489,516	475,513
Balance, December 31	$3,888,010	$3,658,886	$3,489,880

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A Summary Of Significant Accounting Policies

REGULATION. The Company is subject to regulation by the New York Public Service Commission (PSC) and the Federal Energy Regulatory Commission (FERC). The Company's accounting policies conform to generally accepted accounting principles, as applied in the case of regulated public utilities, and to the accounting requirements and rate-making practices of these regulatory authorities.

PRINCIPLES OF CONSOLIDATION. The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany transactions have been eliminated.

UTILITY PLANT AND DEPRECIATION. The capitalized cost of additions to utility plant includes indirect costs such as engineering, supervision, payroll taxes, pensions, other benefits and an allowance for funds used during construction (AFDC). The original cost of property, together with removal cost, less salvage, is charged to accumulated depreciation as property is retired. The cost of repairs and maintenance is charged to expense, and the cost of betterments is capitalized.

Rates used for AFDC include the cost of borrowed funds used for construction purposes and a reasonable rate on the Company's own funds when so used, determined in accordance with PSC and FERC regulations. The AFDC rate was 9.4 percent in 1994 and 9.5 percent in 1993 and 1992. The rate was compounded semiannually, and the amounts applicable to borrowed funds were treated as a reduction of interest charges.

The annual charge for depreciation is computed on the straight-line method for financial statement purposes, using rates based on average lives and net salvage factors, with the exception of the Indian Point 2 nuclear unit, the Company's share of the Roseton generating station and certain leaseholds, which are depreciated on a remaining life amortization method. Depreciation rates averaged approximately 3.2 percent in 1994 and 3.1 percent in 1993 and 1992. Depreciation expense includes the amortization of certain deferred charges authorized by the PSC.

The Company is a joint owner of two 1,200-megawatt electric generating stations: (1) Bowline Point, operated by Orange and Rockland Utilities, Inc. with Con Edison owning a two-thirds interest and (2) Roseton, operated by Central Hudson Gas & Electric Corp. with Con Edison owning a 40 percent interest. Central Hudson has the option to acquire the Company's interest in the Roseton station in 2004. Con Edison's share of the investment in these stations at original cost and as included in its balance sheet at December 31, 1994 and 1993 was:

(Thousands of Dollars)	1994	1993
Bowline Point: Plant in service	$196,065	$195,546
Construction work in progress	10,351	2,400
Roseton: Plant in service	141,487	139,798
Construction work in progress	4,283	1,204

The Company's share of accumulated depreciation for the Roseton station at December 31, 1994 and 1993 was $61.6 million and $57.9 million, respectively. A separate depreciation account is not maintained for the Company's share of the Bowline Point station. The Company's share of operating expenses for these stations is included in its income statement.

NUCLEAR DECOMMISSIONING. Depreciation charges include a provision for decommissioning both the Indian Point 2 and the retired Indian Point 1 nuclear units. Decommissioning costs are being accrued ratably over the Indian Point 2 license period which extends to the year 2013. The Company has been accruing for the costs of decommissioning within the internal depreciation reserve since 1975. In 1989 the PSC permitted the Company to establish an external trust fund for the costs of decommissioning the nuclear portions of the plants pursuant to NRC regulations. Accordingly, beginning in 1989 the Company made contributions to such a trust. The external trust fund is discussed below under "Investments" in

this Note A.

Accumulated decommissioning provisions at December 31, 1994 and 1993, which include earnings on funds externally invested, are as follows:

	Amounts Included in Accumulated Depreciation	
(Millions of Dollars)	1994	1993
Nuclear	$102.2	$ 86.0
Non-Nuclear	53.7	50.6
Total	$155.9	$136.6

The Company currently provides annual expense allowances of $11.7 million and $3.1 million, respectively, for decommissioning the nuclear and non-nuclear portions of the plants. These amounts, which are recovered from customers through billings, were approved by the PSC in the 1992 electric rate settlement agreement, and were designed to fund decommissioning costs which had been estimated at approximately $300 million in 1993 dollars. In 1994 a site-specific decommissioning study was prepared for both the Indian Point 2 and the retired Indian Point 1 nuclear units. Based on this study, the estimated decommissioning cost in 1993 dollars is approximately $657 million, of which $252 million is for extended on-site storage of spent nuclear fuel, and (using a 3.25 percent annual escalation factor) approximately $1,372 million in 2016, the assumed midpoint for decommissioning expenditures. Under the proposed 1995 electric rate settlement agreement, effective April 1995, the Company will revise the annual decommissioning expense allowance for the nuclear and non-nuclear portions of the plants to $21.3 million and $1.8 million, respectively, to fund the future estimated costs of decommissioning. The annual expense allowance assumes a 6 percent after-tax annual return on fund assets.

The Financial Accounting Standards Board is currently reviewing the utility industry's accounting treatment of nuclear decommissioning costs.

NUCLEAR FUEL. Nuclear fuel assemblies and components are amortized to operating expenses based on the quantity of heat produced for the generation of electricity. Fuel costs also include a provision for payments to the U.S. Department of Energy for the future off-site storage of the spent fuel, based on the kilowatt-hours of electricity generated. Nuclear fuel costs are recovered in revenues through base rates or through the fuel adjustment clause.

LEASES. In accordance with Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation," those leases that meet the criteria for capitalization are capitalized for accounting purposes. For rate-making purposes, all leases have been treated as operating leases.

REVENUES. Revenues for electric and steam service are recognized on a monthly billing cycle basis. Pursuant to the three-year electric rate settlement agreement, effective April 1, 1992,

actual electric net revenues (operating revenues less fuel and purchased power costs and revenue taxes) are adjusted by accrual to target levels established under the agreement in accordance with the electric revenue adjustment mechanism (ERAM). Revenues are also increased (or decreased) each month to reflect incentives (or penalties) earned for the Enlightened Energy program and for customer service activities. The 1992 settlement agreement provides that the net regulatory asset (or liability), including interest thereon, thus accrued in each rate year is to be reflected in customers' bills in the following rate year.

In accordance with a PSC rate order the Company began phasing in recognition of unbilled gas revenues over a 4 1/4 year period effective October 1989. Pursuant to the gas rate decision in October 1991, this recognition of unbilled gas revenues was modified so as to be fully phased in by September 30, 1994 to the extent provided in rates.

Revenues from the fuel adjustment clause are not recorded until billed.

RECOVERABLE FUEL COSTS. Fuel and purchased power costs that are above the levels included in base rates are recoverable under electric, gas and steam fuel adjustment clauses. If costs fall below these levels, the difference is credited to customers. For electric and steam, such costs are deferred until the period in which they are billed or credited to customers (40 days for electric, 30 days for steam). For gas, the excess or deficiency is accumulated for refund or surcharge to customers on an annual basis.

Effective April 1992, a partial pass-through electric fuel adjustment clause (PPFAC) was implemented with monthly targets for fuel and purchased power costs. The Company retains for stockholders 30 percent of any savings in actual costs below the target amount, but must bear 30 percent of any excess of actual costs over the target. For each rate year of the 1992 electric rate agreement there is a $30 million cap on the maximum increase or decrease in fuel billings, with a limit (within the $30 million) of $10 million for costs associated with generation at the Company's Indian Point 2 nuclear unit. Subject to these limits, 30 percent of any variance below target amounts is added to regulatory accounts receivable and 30 percent of any variance above target amounts is deducted from regulatory accounts receivable.

The PSC has allowed the Company to recover in rates certain deferred recoverable fuel costs that were affected by shortening the billing lag period or changing the cost of fuel in base rates. If there were any further such revisions, the Company believes that deferred recoverable fuel costs affected thereby would be recovered.

REGULATORY ACCOUNTS RECEIVABLE. Regulatory accounts receivable, amounting to $26.3 million at December 31, 1994 include accruals under the three-year 1992 electric rate settlement agreement for incentives related to the Company's Enlightened Energy program ($70.1 million), for incentives related to customer service activities ($6.7 million), for the amounts to be billed under the PPFAC ($5.9 million) and for net electric sales revenues in accordance with the ERAM (a refund of $56.4 million). The revenues accrued in 1993 under the ERAM and for incentives related to the Enlightened Energy program and customer service activities are being collected from customers over the twelve-month period ending March 31, 1995. Revenues accrued in

1994 are anticipated to be collected over a twelve-month period beginning April 1, 1995. The revenues accrued under the PPFAC are billed to customers on a monthly basis through the electric fuel adjustment clause.

ENLIGHTENED ENERGY COSTS. In accordance with PSC directives, the Company defers the costs for its Enlightened Energy program for future recovery from ratepayers. Such deferrals amounted to $170.2 million at December 31, 1994 and $140.1 million at December 31, 1993. In accordance with the 1992 electric rate settlement agreement, the Company is generally recovering its Enlightened Energy program costs over a five-year period.

TEMPORARY CASH INVESTMENTS. Temporary cash investments are short-term, highly liquid investments which generally have maturities of three months or less. They are stated at cost which approximates market. The Company considers temporary cash investments to be cash equivalents.

INVESTMENTS. Investments consist primarily of an external nuclear decommissioning trust fund. At December 31, 1994 and 1993, the trust fund amounted to $102.2 million and $83.1 million, respectively. Investments for 1994 are stated at market and for 1993 at cost which approximated market. Earnings on the trust fund are not recognized in income but are included in the accumulated depreciation reserve. See "Nuclear Decommissioning" in this Note A.

FEDERAL INCOME TAX. The Company provides for deferred federal income taxes with respect to certain benefits realized from depreciation deductions utilized for tax purposes, deferred fuel accounting, unbilled revenues (electricity, gas and steam) included in taxable income, deferrals arising from the rate settlement agreements, and certain other specific items, when approved by the PSC.

For rate-making purposes, accumulated deferred federal income taxes previously collected from customers are deducted from rate base and amortized or otherwise applied as a reduction in federal income tax expense in future years. Accumulated deferred investment tax credits are amortized ratably over the lives of the related properties and applied as a reduction in future federal income tax expense.

The Company, beginning January 1, 1993, adopted SFAS 109, "Accounting for Income Taxes." SFAS 109 requires the Company to record a deferred income tax liability for substantially all temporary differences between book and tax bases of assets and liabilities at current tax rates, including differences for which deferred taxes have not previously been provided. For regulated enterprises, a regulatory asset is recognized for the latter if the criteria of SFAS 71 are met, that is, it is probable that future revenues will be allowed sufficient in amount to recover the costs for which deferred taxes have not previously been provided. The regulatory asset, stated at the revenue requirement level, amounts to $1,106.0 million and $1,150.6 million, at December 31, 1994 and 1993, respectively. These amounts which are included in accumulated deferred federal income tax (see Note G), are not reflected in rate base for rate-making purposes. In January 1993, the PSC issued an interim policy statement proposing accounting procedures consistent with SFAS 109 and providing assurances that these future increases in taxes will be recoverable in rates. The final policy statement is not expected to materially differ from the interim policy statement.

The Company and its subsidiaries file a consolidated federal income tax return. Income taxes are allocated to each company based on its taxable income.

RESEARCH AND DEVELOPMENT COSTS. Research and development costs relating to specific construction projects are capitalized. All other such costs are charged to operating expenses as incurred. Research and development costs in 1994, 1993 and 1992, amounting to $46.8 million, $48.0 million and $44.8 million, respectively, were charged to operating expenses. No research and development costs were capitalized in these years.

RECLASSIFICATION. Certain prior year amounts have been reclassified to conform with current year presentation.

Note B Capitalization

COMMON STOCK AND PREFERRED STOCK NOT SUBJECT TO MANDATORY REDEMPTION. Each share of Series B preference stock is convertible into 13 shares of common stock at a conversion price of $7.69 per share. During 1994, 1993 and 1992, 4,176 shares, 5,208 shares and 4,349 shares of Series B preference stock were converted into 54,288 shares, 67,704 shares and 56,537 shares of common stock, respectively.

At December 31, 1994, 690,326 shares of unissued common stock were reserved for conversion of preference stock. The preference stock is subordinate to the $5 Cumulative Preferred Stock and Cumulative Preferred Stock with respect to dividends and liquidation rights.

Redemption prices of preferred stock other than Series I and Series J (in each case, plus accrued dividends) are as follows:

$5 Cumulative Preferred Stock	$105.00
Cumulative Preferred Stock:	
Series A	$102.00
Series B	102.00
Series C	101.00
Series D	101.00
Series E	101.00
Series F	102.50
Cumulative Preference Stock:	
6% Convertible Series B	$100.00

PREFERRED STOCK SUBJECT TO MANDATORY REDEMPTION. The Company is required to redeem 25,000 of the Series I shares on May 1 of each year in the five-year period commencing with the year 2002 and to redeem the remaining Series I shares on May 1, 2007. The Company is required to redeem the Series J shares on August 1, 2002. In each case, the redemption price is $100 per share plus accrued and unpaid dividends to the redemption date. In addition, the Company may redeem Series I shares at a redemption price of $105.76 per share, plus accrued dividends, if redeemed prior to May 1, 1995 (and thereafter at prices declining annually to $100 per share, plus accrued dividends, after April 30, 2002); provided, however, that prior to May 1, 1997, the Company may not redeem any Series I shares with borrowed funds or proceeds from

certain securities issuances having a cost to the Company of less than 7.20 percent per annum.

Neither Series I nor Series J shares may be called for redemption while dividends are in arrears on outstanding shares of $5 Cumulative Preferred Stock or Cumulative Preferred Stock. Nevertheless, the mandatory redemption obligation of the Company with respect to such shares is cumulative and if the redemption requirement is in arrears the Company may not purchase or redeem or pay any dividends on the common stock or any other stock ranking junior as to dividends or assets to the Cumulative Preferred Stock, except for payments or distributions in common stock or such junior stock.

LONG-TERM DEBT. Total long-term debt maturing in the period 1995-1999 is as follows:

1995	$ 10,889,000
1996	183,524,000
1997	106,256,000
1998	200,000,000
1999	225,000,000

Substantially all properties and franchises of the Company, other than expressly excepted property, are subject to the liens securing the Company's First and Refunding Mortgage Bonds and the mortgage bonds of acquired companies.

Note C Lines of Credit

The Company has bank lines of credit for 1995 amounting to $150 million. The credit lines require average compensating balances of 2.5 percent of the credit lines, with interest on any borrowings to be at prevailing market rates. There are no legal restrictions applicable to the Company's cash balances resulting from its obligation to maintain compensating balances.

Note D Pension Plans

The pension plans for management and bargaining unit employees cover substantially all employees of the Company and are designed to comply with the Employee Retirement Income Security Act of 1974 (ERISA). Contributions are made solely by the Company based on an actuarial valuation, and are not less than the minimum amount required by ERISA. The Company's policy is to fund the actuarially computed net pension cost as such cost accrues. Benefits for management and bargaining unit employees are generally based on a final five-year average pay formula.

In accordance with SFAS 87, "Employers' Accounting for Pensions," the Company uses the projected unit credit method for determining pension cost. Pension costs for 1994, 1993 and 1992 amounted to $38.7 million, $42.4 million and $56.8 million, respectively, of which $30.3 million for 1994, $33.6 million for 1993 and $44.8 million for 1992 was charged to operating expense. In accordance with SFAS 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," as modified by SFAS 71, the Company in 1993 recorded an additional $4.4 million of pension cost, of which $3.5 million was charged to operating expense, in

connection with the special retirement program discussed below.

Effective January 1, 1993, the Company adopted the PSC's "Statement of Policy and Order Concerning the Accounting and Ratemaking Treatment for Pensions and Postretirement Benefits Other Than Pensions" (the PSC Policy). The PSC Policy requires certain departures from the Company's previous accounting under SFAS 87, including actuarial recognition of investment gains and losses over five years (previously four years), removal of the 10 percent gain/loss corridor and adoption of a 10-year period for amortization of recognized actuarial gains and losses. (Previously, amounts in excess of corridor limits were amortized over the remaining average service life of active employees.) These changes have reduced pension cost due to more rapid amortization of outstanding actuarial gains.

The Company offered a special retirement program in 1993 providing enhanced pension benefits for those employees who met certain eligibility requirements and retired within specific time limits. The incentives offered by the Company fall within the category of special termination benefits as described in SFAS 88. The increase in pension obligations as a result of this program amounted to $33.3 million. Under an agreement with the PSC, the Company is amortizing this liability over a 15-year period, with rate recovery anticipated for the costs allocable to years three through fifteen. In accordance with SFAS 71, the Company charged the equivalent of the first two years of the amortization ($4.4 million) to pension expense in 1993 and established a liability and offsetting regulatory asset for the $28.9 million allocable to future periods.

The components of net periodic pension cost for 1994, 1993 and 1992 were as follows:

(Millions of Dollars)	1994	1993	1992
Service cost - benefits earned during the period	$ 96.6	$ 96.0	$ 89.7
Interest cost on projected benefit obligation	285.5	259.9	243.2
Actual return on plan assets	(3.4)	(500.0)	(258.4)
Unrecognized investment (loss) gain deferred	(322.6)	201.5	(19.3)
Net amortization	(17.4)	(15.0)	1.6
Net periodic pension cost	38.7	42.4	56.8
Special retirement program cost	-	33.3	-
Regulatory asset	-	(28.9)	-
Net special retirement program cost	-	4.4	-
Total pension cost	$ 38.7	$ 46.8	$ 56.8

The funded status of the pension plans as of December 31, 1994, 1993 and 1992 was as follows:

(Millions of Dollars)	1994	1993	1992
Actuarial present value of benefit obligation:			
Vested	$2,813.0	$2,731.9	$2,421.0
Nonvested	189.6	212.6	206.0
Accumulated to date	3,002.6	2,944.5	2,627.0
Effect of projected future compensation levels	786.0	841.5	809.0
Total projected obligation	3,788.6	3,786.0	3,436.0
Plan assets at fair value	4,046.7	4,154.3	3,745.0
Plan assets less projected benefit obligation	258.1	368.3	309.0
Unrecognized net gain	(401.1)	(522.9)	(447.0)
Unrecognized prior service cost*	93.9	102.5	112.0
Unrecognized net transition liability at January 1, 1987*	20.2	23.2	26.0
Accrued pension cost**	$ (28.9)	$ (28.9)	$ 0

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* Being amortized over approximately 15 years.
**See discussion above in this Note D.

To determine the present value of the projected benefit obligation in 1994, a discount rate of 8 percent was assumed. For 1993 and 1992, a discount rate of 7.5 percent was assumed. A weighted average rate of increase in future compensation levels of 5.8 percent and a long-term rate of return on plan assets of 8.5 percent were assumed for all years.

The pension plan assets consist primarily of corporate common stock and bonds, group annuity contracts and debt of the United States government and its agencies.

Note E Postretirement Benefits Other Than Pensions (OPEB)

The Company has a contributory comprehensive hospital, medical and prescription drug program for all retirees, their dependents and surviving spouses. The Company also provides life insurance benefits for approximately 6,600 retired employees. All of the Company's employees become eligible for these benefits upon retirement except that the amount of life insurance is limited and is available only to management employees and to those bargaining unit employees who participated in the optional program prior to retirement. The Company has reserved the right to amend or terminate these programs.

The Company adopted the provisions of SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," effective January 1, 1993. It contains specific rules for determining the cost of postretirement health and life insurance benefits. These rules require accrual of the obligation for previously unrecognized retiree benefit cost over a shorter period than previous methods.

The Company's policy is to fund in external trusts the actuarially determined annual costs for retiree health and life insurance subject to statutory maximum (and minimum) limits. Rate allowances that are not funded to an external trust accrue interest at the pre-tax rate of return. As of December 31, 1993, the Company had accrued $6.9 million in interest on its unfunded liability of $28.5 million. In 1994, the Company funded both amounts in addition to $0.9 million accrued in 1994.

The retiree health and life insurance expense for 1994 and 1993 was determined in accordance with the PSC Policy (see Note D) which requires the Company to defer the difference between the rate allowance for OPEB expense and the OPEB expense determined in accordance with SFAS 106, amortize the transition obligation over 20 years and recognize all gains and losses over a 10-year period in determining the SFAS 106 expense. Current electric, gas and steam rates reflect the increase in expense resulting from the adoption of SFAS 106.

The cost to the Company for retiree health benefits for 1994, 1993 and 1992 amounted to $67.1 million, $66.3 million and $46.1 million, respectively, of which $52.7 million for 1994, $52.5 million for 1993 and $36.4 million for 1992 was charged to operating expense. The cost of the retiree life insurance plan for 1994, 1993 and 1992 amounted to $21.6 million, $22.3 million and $8.6 million, respectively, of which $17.0 million for 1994, $17.7 million for 1993 and $6.8 million for 1992 was charged to

operating expense.

The components of postretirement benefit (health and life insurance) costs for years 1994 and 1993 were as follows:

(Millions of Dollars)	1994	1993
Service cost - benefits earned during the period	$10.7	$10.3
Interest cost on accumulated postretirement benefit obligation	57.7	53.0
Actual return on plan assets	(8.4)	(8.5)
Unrecognized investment (loss) gain deferred	(5.7)	2.9
Amortization of transition obligation and unrecognized net loss	34.4	30.9
Net periodic postretirement benefit cost	$88.7	$88.6

The following table sets forth the program's funded status at December 31, 1994 and 1993:

(Millions of Dollars)	1994	1993
Accumulated postretirement benefit obligation:		
Retirees	$413.9	$413.2
Employees eligible to retire	167.2	144.2
Employees not eligible to retire	204.5	221.5
Total projected obligation	785.6	778.9
Plan assets at fair value	219.1	130.8
Plan assets less accumulated postretirement benefit obligation	(566.5)	(648.1)
Unrecognized net loss	11.1	33.4
Unrecognized net transition liability at January 1, 1993*	555.4	586.2
Accrued postretirement benefit cost	$ 0	$ (28.5)

*Being amortized over a period of 20 years.

To determine the accumulated postretirement benefit obligation in 1994 and 1993, a discount rate of 8 percent and 7.5 percent, respectively, was assumed. The assumed long-term rate of return on plan assets was 8.5 percent for these years. The health cost trend rate assumed for year 1994 was 9 percent, and then declining approximately one percent per year to 5 percent for year 1999 and thereafter. If the assumed health care cost trend rate were to be increased by one percentage point each year, the accumulated postretirement benefit obligation would increase by approximately $91.8 million and the service cost and interest component of the net periodic postretirement benefit cost would increase by $9.3 million.

Postretirement plan assets consist of corporate common stock and bonds, group annuity contracts, debt of the United States government and its agencies and short-term securities.

Note F Contingencies

INDIAN POINT. Nuclear generating units similar in design to the Company's Indian Point 2 unit have experienced problems of varying severity in their steam generators, which in a number of instances have required steam generator replacement. Inspections of the Indian Point 2 steam generators since 1976 have revealed various problems, some of which appear to have been arrested, but the remaining service life of the steam generators is uncertain and may be shorter than the unit's life. The projected service

life of the steam generators is reassessed periodically in the light of the inspections made during scheduled outages of the unit. The 1995 outage inspection has just begun. Based on data from the latest completed inspection (1993) and other sources, the Company estimates that steam generator replacement will not be required before 1997, and possibly not until some years later. To avoid procurement delays in the event replacement is necessary, the Company purchased replacement steam generators, which are stored at the site. If replacement of the steam generators is required, such replacement is presently estimated (in 1994 dollars) to require additional expenditures of approximately $102 million (exclusive of replacement power costs) and an outage of approximately six months. However, securing necessary permits and approvals or other factors could require a substantially longer outage if steam generator replacement is required on short notice.

NUCLEAR INSURANCE. The insurance policies covering the Company's nuclear facilities for property damage, excess property damage, and outage costs permit assessments under certain conditions to cover insurers' losses. As of December 31, 1994, the highest amount which could be assessed for losses during the current policy year under all of the policies was $26.1 million. While assessments may also be made for losses in certain prior years, the Company is not aware of any losses in such years which it believes are likely to result in an assessment.

Under certain circumstances, in the event of nuclear incidents at facilities covered by the federal government's third-party liability indemnification program, the Company could be assessed up to $79.3 million per incident of which not more than $10 million may be assessed in any one year. The per-incident limit is to be adjusted for inflation not later than 1998 and not less than once every five years thereafter.

The Company participates in an insurance program covering liabilities for injuries to certain workers in the nuclear power industry. In the event of such injuries, the Company is subject to assessment up to an estimated maximum of approximately $3.1 million.

ENVIRONMENTAL MATTERS. The normal course of the Company's operations necessarily involves activities and substances that expose the Company to potential liabilities under federal, state and local laws protecting the environment. Such liabilities can be material and in some instances may be imposed without regard to fault, or may be imposed for past acts, even though such past acts may have been lawful at the time they occurred. Sources of such potential liabilities include (but are not limited to) the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 (Superfund), a recent settlement with the New York State Department of Environmental Conservation (DEC), asbestos, and electric and magnetic fields (EMF).

Superfund. By its terms, Superfund imposes joint and several strict liability, regardless of fault, upon generators of hazardous substances for resulting removal and remedial costs and environmental damages. The Company has received process or notice concerning possible claims under Superfund or similar state statutes relating to a number of sites at which it is alleged that hazardous substances generated by the Company (and, in most instances, a large number of other potentially responsible parties) were deposited. Estimates of the investigative, removal, remedial and environmental damage costs (if any) the Company will be obligated to pay with respect to each of these sites range from extremely preliminary to highly refined. These estimates

currently aggregate approximately $12 million and the Company has accrued a liability in this amount. However, it is possible that material additional costs in amounts not presently determinable may be incurred with respect to these and other sites.

DEC Settlement. In November 1994 the Company agreed to a consent order settling a civil administrative proceeding instituted by the DEC in 1992, alleging environmental violations by the Company. Under the consent order, in addition to required payments which have been made, the Company must also conduct an environmental compliance audit and an environmental management review, develop and implement "best management practices" plans for certain facilities and undertake a remediation program at certain sites. At December 31, 1994, the Company accrued a liability of $10.9 million for the expense of the site remediation program. Capital expenditures for environmental projects in the next five years to comply with the consent order are estimated at $64 million. There may be additional costs which could be material, but are not presently determinable.

Asbestos Claims. Suits have been brought in New York State and federal courts against the Company and many other defendants, wherein several thousand plaintiffs sought large amounts of compensatory and punitive damages for deaths and injuries allegedly caused by exposure to asbestos at various premises of the Company. Many of these suits have been disposed of without any payment by the Company, or for immaterial amounts. The amounts specified in all the remaining suits total billions of dollars but the Company believes that these amounts are greatly exaggerated, as were the claims already disposed of. Based on the information and relevant circumstances known to the Company at this time, it is the opinion of the Company that these suits will not have a material adverse effect on the Company's financial position.

EMF. Electric and magnetic fields are found wherever electricity is used. Several scientific studies have raised concerns that EMF surrounding electric equipment and wires, including power lines, may present health risks. The Company is the defendant in several suits claiming property damage or personal injury allegedly resulting from EMF. In the event that a causal relationship between EMF and adverse health effects is established, or independently of any such causal determination, in the event of adverse developments in related legal or public policy doctrines, there could be a material adverse effect on the electric utility industry, including the Company.

Note G Federal Income Tax

In the case of regulated utilities, SFAS 109 requires recognition in the balance sheet of the revenue requirements to meet the costs of future federal income taxes for temporary differences for which deferred taxes had not previously been provided. Accumulated deferred federal income taxes in excess of the statutory 35 percent tax rate for 1993 were reclassified to conform to the current year presentation. This reclassification had no effect on income. The net revenue requirements related to future federal income taxes at December 31, 1994 and 1993 are shown on the following table.

(Millions of Dollars)	1994	1993
Future federal income tax liability:		
Temporary differences between the book and tax bases of assets and liabilities:		
Property related	$5,389.1	$5,255.0
Reserve for injuries and damages	(43.9)	(50.1)
Other	24.4	28.3
Total	5,369.6	5,233.2
Future federal income tax	1,879.4	1,831.6
Less: Accumulated deferred federal income taxes previously provided	1,160.5	1,083.7
Net future federal income tax expense for which deferred taxes have not been provided	718.9	747.9
Net revenue requirements for above (Regulatory asset - future federal income taxes)*	1,106.0	1,150.6
Add: Accumulated deferred federal income taxes previously provided	1,160.5	1,083.7
Total accumulated deferred federal income tax	$2,266.5	$2,234.3

*Net revenue requirements will be offset by the amortization to federal income tax expense of accumulated deferred investment tax credits. Including the full effect therefrom, the net revenue requirements related to future federal income taxes at December 31, 1994 and 1993 are $914.5 million and $949.5 million, respectively.

Note G Federal Income Tax, continued

Year Ended December 31 (Thousands of Dollars)	1994	1993	1992
Charged to: Operations	$ 438,160	$ 366,020	$318,320
Other income	430	(1,010)	2,150
Total federal income tax	438,590	365,010	320,470
Reconciliation of reported net income with taxable income			
Federal income tax -- current	374,500	270,800	252,600
Federal income tax -- deferred	73,710	106,470	81,670
Investment tax credits deferred	(9,620)	(12,260)	(13,800)
Total federal income tax	438,590	365,010	320,470
Net income	734,270	658,522	604,088
Income before federal income tax	1,172,860	1,023,532	924,558
Effective federal income tax rate	37.4%	35.7%	34.7%
Adjustments decreasing (increasing) taxable income:			
Tax depreciation in excess of book depreciation:			
Amounts subject to normalization	218,181	226,442	204,639
Other	(94,813)	(90,428)	(88,608)
Regulatory accounts receivable	(70,771)	(70,814)	127,497
Enlightened Energy program costs	29,677	59,297	20,841
Advance refunding of long-term debt	(6,814)	86,346	17,375
Other - net	24,131	30,282	(100,982)
Total	99,591	241,125	180,762
Taxable income	1,073,269	782,407	743,796
Federal income tax -- current			
Amount computed at statutory rates (35%, 35% and 34%)*	375,644	273,842	252,891
Tax credits	(1,144)	(3,042)	(291)
Total	374,500	270,800	252,600
Charged to: Operations	374,160	271,140	250,160
Other income	340	(340)	2,440
Total	374,500	270,800	252,600
Federal income tax -- deferred			
Provisions for deferred federal income taxes consist of the following tax effects of timing differences between tax and book income:			
Tax depreciation in excess of book depreciation	72,597	76,193	66,220
Regulatory accounts receivable	(24,770)	(24,785)	43,349
Enlightened Energy program costs	10,387	20,754	7,086
Advance refunding of long-term debt	(2,385)	30,221	5,908
Other -- net	17,881	4,087	(40,893)
Total	73,710	106,470	81,670
Charged to: Operations	73,620	107,140	81,960

Other income	90	(670)	(290)
TOTAL	$ 73,710	$ 106,470	$ 81,670

*Under rate agreements, the effect of increases in the statutory rate from 34% to 35% effective January 1, 1993 was deferred until such effect could next be reflected in rates. The deferrals applicable to gas and steam operations began to be amortized over a twelve-month period which began October 1, 1993 when new rates became effective. For electric operations, deferrals for the year 1993 and the first three months of 1994 are being amortized over a twelve-month period which began April 1, 1994 when new electric rates became effective.

Note H Financial Information By Business Segments (Thousands of Dollars)

	Electric			Steam		
	1994	1993	1992	1994	1993	1992
Operating revenues*	$5,152,351	$5,145,010	$4,905,523	$ 343,916	$ 326,888	$ 314,075
Operating expenses						
Fuel	410,173	446,578	563,349	157,591	158,635	146,901
Purchased power	787,455	812,616	606,822	--	--	--
Other operations and maintenance*	1,372,865	1,403,022	1,328,900	80,035	78,787	75,210
Depreciation and amortization	364,988	350,590	331,610	10,961	9,909	9,259
Taxes, other than federal income	955,850	994,174	1,037,461	46,178	46,090	46,741
Federal income tax	379,584	322,076	281,960	11,577	4,966	6,069
Total operating expenses*	4,270,915	4,329,056	4,150,102	306,342	298,387	284,180
Operating income	881,436	815,954	755,421	37,574	28,501	29,895
Construction expenditures	587,189	626,494	641,076	44,957	36,612	32,008
Net utility plant**	8,874,341	8,592,187	8,285,993	378,748	337,713	303,198
Fuel	50,821	53,681	87,410	62	74	75
Other identifiable assets	1,899,182	1,970,998	743,795	48,141	50,555	15,929
*Intersegment rentals included in segments' income but eliminated for total company						
Operating revenues	$11,879	$13,345	$13,469	$ 1,409	$ 1,548	$ 1,568
Operating expenses	2,331	2,726	2,559	12,733	14,139	14,250

	Gas			Total Company		
	1994	1993	1992	1994	1993	1992
Operating revenues*	$ 891,897	$ 810,377	$ 730,132	$ 6,373,086	$ 6,265,394	$ 5,932,904
Operating expenses						
Fuel	--	--	--	567,764	605,213	710,250
Purchased power	--	--	--	787,455	812,616	606,822
Gas purchased for resale	341,204	289,708	245,175	341,204	289,708	245,175
Other operations and maintenance*	214,451	212,832	204,262	1,652,273	1,677,760	1,591,546
Depreciation and amortization	46,407	43,231	39,992	422,356	403,730	380,861
Taxes, other than federal income	125,663	119,019	115,371	1,127,691	1,159,283	1,199,573
Federal income tax	46,999	38,978	30,291	438,160	366,020	318,320
Total operating expenses*	774,724	703,768	635,091	5,336,903	5,314,330	5,052,547
Operating income	117,173	106,609	95,041	1,036,183	951,064	880,357
Construction expenditures	125,384	125,962	121,597	757,530	789,068	794,681
Net utility plant**	1,308,119	1,226,256	1,140,467	10,561,208	10,156,156	9,729,658
Fuel and gas in storage	50,698	49,091	45,570	101,581	102,846	133,055
Other identifiable assets	151,628	172,790	86,829	2,098,951	2,194,343	846,553
Other corporate assets				966,624	804,020	886,853
Total assets				$13,728,364	$13,257,365	$11,596,119
*Intersegment rentals included in segments' income but eliminated for total company						
Operating revenues	$ 1,790	$ 1,988	$ 1,789	$15,078	$16,881	$16,826
Operating expenses	14	16	17	15,078	16,881	16,826

**General Utility Plant was allocated to Electric and Gas on the basis of the departmental use of such plant. Pursuant to PSC requirements the Steam department is charged an interdepartmental rent for General Plant used in Steam operations which is credited to the Electric and Gas departments.

SCHEDULE VIII

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

VALUATION AND QUALIFYING ACCOUNTS
YEAR ENDED DECEMBER 31, 1994
(Thousands of Dollars)

COLUMN A	COLUMN B	COLUMN C Additions (1)	COLUMN C Additions (2)	COLUMN D	COLUMN E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance At End of Period
Valuation Accounts					

deducted in the balance sheet from the assets to which they apply:					
Accumulated Provision for uncollectible accounts receivable:					
Electric, Gas and Steam Customers.....	$ 21,600	$ 30,256	-	$ 30,256*	$ 21,600
Other.....	-	-	-	-	-

*Accounts written off less cash collections, miscellaneous adjustments and amounts reinstated as receivables previously written off.

SCHEDULE VIII

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

VALUATION AND QUALIFYING ACCOUNTS
YEAR ENDED DECEMBER 31, 1993
(Thousands of Dollars)

COLUMN A	COLUMN B	COLUMN C Additions		COLUMN D	COLUMN E
Description	Balance at Beginning of Period	(1) Charged to Costs and Expenses	(2) Charged to Other Accounts	Deductions	Balance At End of Period
Valuation Accounts deducted in the balance sheet from the assets to which they apply:					
Accumulated Provision for uncollectible accounts receivable:					
Electric, Gas and Steam Customers.....	$ 19,600	$ 28,006	-	$ 26,006*	$ 21,600
Other.....	-	-	-	-	-

*Accounts written off less cash collections, miscellaneous adjustments and amounts reinstated as receivables previously written off.

SCHEDULE VIII

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

VALUATION AND QUALIFYING ACCOUNTS
YEAR ENDED DECEMBER 31, 1992
(Thousands of Dollars)

COLUMN A	COLUMN B	COLUMN C Additions		COLUMN D	COLUMN E
		(1)	(2)		
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance At End of Period
Valuation Accounts deducted in the balance sheet from the assets to which they apply:					
Accumulated Provision for uncollectible accounts receivable:					
Electric, Gas and Steam Customers.....	$ 18,500	$ 27,037	-	$ 25,937*	$ 19,600
Other.....	-	-	-	-	-

*Accounts written off less cash collections, miscellaneous adjustments and amounts reinstated as receivables previously written off.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NONE.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

ITEM 11. EXECUTIVE COMPENSATION

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by Part III is incorporated by reference from the Company's definitive proxy statement for its Annual Meeting of Stockholders to be held on May 15, 1995. The proxy statement is to be filed pursuant to Regulation 14A not later than 120 days after December 31, 1994, the close of the fiscal year covered by this report.

In accordance with General Instruction G(3) to Form 10-K other information regarding the Company's Executive Officers may be found in Part I of this report under the caption "Executive Officers of the Registrant."

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report:

1. List of Financial Statements

Consolidated Balance Sheet at December 31, 1994 and

1993

Consolidated Income Statement for the years ended December 31, 1994, 1993 and 1992

Consolidated Statement of Cash Flows for the years ended December 31, 1994, 1993 and 1992

Consolidated Statement of Capitalization at December 31, 1994 and 1993

Consolidated Statement of Retained Earnings for the years ended December 31, 1994, 1993 and 1992

Notes to Consolidated Financial Statements

2. List of Financial Statement Schedules

Valuation and Qualifying Accounts (Schedule VIII)

3. List of Exhibits

3(i).1 Restated Certificate of Incorporation filed with the Department of State of the State of New York on December 31, 1984. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 3(a).)

3(i).2 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on May 16, 1988. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 3(b).)

3(i).3 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on June 2, 1989. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 3(c).)

3(i).4 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on April 28, 1992. (Designated in the Company's Current Report on Form 8-K, dated April 24, 1992, as Exhibit 4(d).)

3(i).5 Certificate of Amendment of Restated Certificate of Incorporation filed with the Department of State of the State of New York on August 21, 1992. (Designated in the Company's Current Report on Form 8-K, dated August 20, 1992, as Exhibit 4(e).)

3(ii) By-laws of the Company, effective as of July 26, 1994. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994 as Exhibit 3.2.)

4.1 Indenture, dated as of April 1, 1946, between the Company and the National City Bank of New York (now Citibank, N.A.), as Trustee. (Designated in Registration Statement No. 2-6932 as Exhibit 7-48.)

4.2 The following Supplemental Indentures between the Company and the National City Bank of New York (now Citibank, N.A.), as Trustee, which are designated as follows:

Supplemental Indenture	Securities Act Registration Statement	Exhibit
1. Fifteenth	2-13939	2-4
2. Twenty-ninth	2-24272	4-4
3. Thirtieth	2-25736	4-4

4.3 Instrument of Resignation, Appointment and Acceptance, dated as of October 31, 1979, among the Company, Citibank, N.A., and Chemical Bank, Supplemental to Mortgage Trust Indenture, dated as of April 1, 1946. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 as Exhibit 4(c).)

4.4 Participation Agreement, dated as of August 15, 1985, between New York State Energy Research and Development Authority ("NYSERDA") and the Company. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990 as Exhibit 4(a)(1).)

4.5 The following Supplemental Participation Agreements supplementing the Participation Agreement, dated as of August 15, 1985, between NYSERDA and the Company, which are designated as follows:

Supplemental Participation Agreement		Securities Exchange Act File No. 1-1217		
Number	Date	Form	Date	Exhibit
1. First	11/15/86	10-Q	6/30/90	4(a)(2)
2. Second	4/15/87	10-Q	6/30/90	4(a)(3)
3. Third	9/15/87	10-Q	6/30/90	4(a)(4)
4. Fourth	1/1/89	10-Q	6/30/90	4(a)(5)
5. Fifth	7/1/89	10-Q	6/30/90	4(a)(6)
6. Sixth	11/1/89	10-Q	6/30/90	4(a)(7)
7. Seventh	7/1/90	10-Q	6/30/90	4(a)(8)
8. Eighth	1/1/91	10-K	12/31/90	4(e)(8)
9. Ninth	1/15/92	10-K	12/31/91	4(e)(9)

4.6 Participation Agreement, dated as of December 1, 1992, between NYSERDA and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 4(f).)

4.7 The following Supplemental Participation Agreements supplementing the Participation Agreement, dated as of December 1, 1992, between NYSERDA and the Company, which are designated as follows:

Supplemental Participation Agreement		Securities Exchange Act File No. 1-1217		
Number	Date	Form	Date	Exhibit
1. First	3/15/93	10-Q	6/30/93	4.1
2. Second	10/1/93	10-Q	9/30/93	4.3
*3. Third	12/1/94			

4.8 Indenture of Trust, dated as of August 15, 1985, between NYSERDA and Morgan Guaranty Trust Company of New York, as Trustee ("Morgan Guaranty"). (Designated

in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990 as Exhibit 4(b)(1).)

4.9 The following Supplemental Indentures of Trust supplementing the Indenture of Trust, dated as of August 15, 1985, between NYSERDA and Morgan Guaranty.

Supplemental Indenture of Trust		Securities Exchange Act File No. 1-1217		
Number	Date	Form	Date	Exhibit
1. First	11/15/86	10-Q	6/30/90	4(b)(2)
2. Second	4/15/87	10-Q	6/30/90	4(b)(3)
3. Third	9/15/87	10-Q	6/30/90	4(b)(4)
4. Fourth	1/1/89	10-Q	6/30/90	4(b)(5)
5. Fifth	7/1/89	10-Q	6/30/90	4(b)(6)
6. Sixth	11/1/89	10-Q	6/30/90	4(b)(7)
7. Seventh	7/1/90	10-Q	6/30/90	4(b)(8)
8. Eighth	1/1/91	10-K	12/31/90	4(g)(8)
9. Ninth	1/15/92	10-K	12/31/91	4(g)(9)

4.10 Indenture of Trust, dated as of December 1, 1992, between NYSERDA and Morgan Guaranty Trust Company of New York, as Trustee ("Morgan Guaranty"). (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 4(i).)

4.11 The following Supplemental Indentures of Trust supplementing the Indenture of Trust, dated as of December 1, 1992, between NYSERDA and Morgan Guaranty.

Supplemental Indenture of Trust		Securities Exchange Act File No. 1-1217		
Number	Date	Form	Date	Exhibit
1. First	3/15/93	10-Q	6/30/93	4.2
2. Second	10/1/93	10-Q	9/30/93	4.4
*3. Third	12/1/94			

4.12 Indenture, dated as of December 1, 1990, between the Company and The Chase Manhattan Bank (National Association), as Trustee. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1990 as Exhibit 4(h).)

4.13 The following Forms of the Company's Debentures:

Debenture	Securities Exchange Act File No. 1-1217 Form	Date	Exhibit
9.70%, Series 1990 A	8-K	11/29/90	4
9 3/8%, Series 1991 A	8-K	6/20/91	4
7 3/8%, Series 1992 A	8-K	2/5/92	4(a)
7 5/8%, Series 1992 B	8-K	2/5/92	4(b)
7.60%, Series 1992 C	8-K	2/25/92	4
6 1/2%, Series 1992 D	8-K	8/26/92	4(a)
7 3/8%, Series 1992 E	8-K	8/26/92	4(b)
8.05%, Series 1992 F	8-K	12/15/92	4
6 1/4%, Series 1993 A	8-K	1/13/93	4
6 1/2%, Series 1993 B	8-K	2/4/93	4(a)
6 5/8%, Series 1993 C	8-K	2/4/93	4(b)
6 3/8%, Series 1993 D	8-K	4/7/93	4
5.30%, Series 1993 E	8-K	5/19/93	4(a)
5.70%, Series 1993 F	8-K	5/19/93	4(b)
7 1/2%, Series 1993 G	8-K	6/7/93	4
7 1/8% Series 1994 A	8-K	2/8/94	4
Floating Rate Series 1994 B	8-K	6/29/94	4

10.1 Agreement dated as of October 31, 1968 among Central Hudson Gas & Electric Corporation, the Company and Niagara Mohawk Power Corporation. (Designated in Registration Statement No. 2-31884 as Exhibit 7.)

10.2 Amendment dated November 23, 1976 to Agreement dated as of October 31, 1968 among Central Hudson Gas & Electric Corporation, the Company and Niagara Mohawk Power Corporation and Additional Agreement dated as of November 23, 1976 between Central Hudson and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 as Exhibit 10(b).)

10.3 General Agreement between Orange and Rockland Utilities, Inc. and the Company dated October 10, 1969. (Designated in Registration Statement No. 2-35734 as Exhibit 7-1.)

10.4 Letters, dated November 18, 1970 and November 23, 1970, between Orange and Rockland Utilities, Inc. and the Company pursuant to Article 14(a) of the aforesaid General Agreement. (Designated in Registration Statement No. 2-38807 as Exhibit 5-3.)

*10.5 The Con Edison Thrift Savings Plan for Management Employees and Tax Reduction Act Stock Ownership Plan, as amended and restated.

10.6 Deferred Compensation Plan for the Benefit of Trustees of the Company, dated February 27, 1979, and amendments thereto, dated September 19, 1979 (effective February 27, 1979), February 26, 1980, and November 24, 1992 (effective January 1, 1993). (Designated in Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(i).)

10.7 Employment contract, dated August 24, 1982, between the Company and Arthur Hauspurg, as amended. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 as Exhibit 10(i).)

10.8 Agreement, dated January 24, 1991, between the Company and Arthur Hauspurg. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1990 as Exhibit 10(l).)

10.9 Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990 as Exhibit 10.)

10.10 Amendment, dated August 27, 1991, to Employment Contract dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1991 as Exhibit 19.)

10.11 Amendment, dated August 25, 1992, to Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1992 as Exhibit 19.)

10.12 Amendment, dated February 18, 1993, to Employment Contract dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(o).)

10.13 Amendment, dated August 24, 1993, to Employment Contract dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1993 as Exhibit 10.1.)

10.14 Amendment, dated August 24, 1994, to Employment Contract, dated May 22, 1990, between the Company and Eugene R. McGrath. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1994 as Exhibit 10.1.)

10.15 Agreement, effective March 1, 1989, between Raymond J. McCann and the Company as to salary and deferred compensation. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(p).)

10.16 Amendment, dated February 27, 1990, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1989 (File No. 1-1217) as Exhibit 10(w).)

10.17 Amendment, dated November 27, 1990, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1990 as Exhibit 10(r).)

10.18 Amendment, dated March 11, 1992, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, as Exhibit 10(p).)

10.19 Amendment, dated February 18, 1993, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(t).)

10.20 Amendment, dated March 10, 1993, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(u).)

10.21 Amendment, dated March 10, 1994, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1993 as Exhibit 10.23.)

*10.22 Amendment, dated March 1, 1995, to Agreement, effective March 1, 1989, between Raymond J. McCann and the Company.

10.23 The Consolidated Edison Company of New York, Inc. Executive Incentive Plan adopted by the Company's Board of Trustees on March 23, 1982 as amended through March 30, 1989. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, as Exhibit 10(q).)

10.24 Amendment and Restatement, dated August 26, 1991 and effective as of April 30, 1991, of The Consolidated Edison Company of New York, Inc. Executive Incentive Plan. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 as Exhibit 10(r).)

10.25 Amendment and Restatement, dated January 29, 1992 and effective as of December 1, 1991, of The Consolidated Edison Company of New York, Inc. Executive Incentive Plan. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991 as Exhibit 10(s).)

*10.26 The Consolidated Edison Retirement Plan for Management Employees, as amended and restated, effective as of January 1, 1994.

10.27 Con Edison Supplemental Retirement Income Plan, adopted July 22, 1987, effective January 1, 1987. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(cc).)

10.28 Copy of memorandum and resolutions adopted by the Company's Board of Trustees on August 23, 1983 authorizing additional compensation for certain officers of the Company and permitting the deferral by the officers of certain compensation. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(dd).)

10.29 Consolidated Edison Company of New York, Inc. Retirement Plan for Trustees, effective as of July 1, 1988. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(ee).)

10.30 Amendment No. 1, dated September 28, 1990, to the Consolidated Edison Company of New York, Inc. Retirement Plan for Trustees. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1990 as Exhibit 19(c).)

10.31 Planning and Supply Agreement, dated March 10, 1989, between the Company and the Power Authority of the State of New York. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(gg).)

10.32 Delivery Service Agreement, dated March 10, 1989, between the Company and the Power Authority of the State of New York. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(hh).)

10.33 Supplemental Medical Plan for the Benefit of the Company's officers. (Designated in the Company's

Annual Report on Form 10-K for the year ended December 31, 1991, as Exhibit 10(aa).)

10.34 The Con Edison Discount Stock Purchase Plan. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, as Exhibit 10(bb).)

10.35 Employment Agreement, dated June 25, 1991, between the Company and J. Michael Evans. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1991 as Exhibit 19.)

10.36 Amendment, dated March 29, 1993, to Employment Agreement, dated June 25, 1991, between the Company and J. Michael Evans. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993 as Exhibit 10.)

10.37 Amendment, dated November 8, 1993, to Employment Agreement, dated June 25, 1991, between the Company and J. Michael Evans. (Designated in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993 as Exhibit 10.2.)

10.38 The Consolidated Edison Retiree Health Program for Management Employees, effective as of January 1, 1993. (Designated in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 as Exhibit 10(ll).)

10.39 Amendment No. 1, dated October 31, 1994, to the Consolidated Edison Retiree Health Program for Management Employees. (Designated in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1994 as Exhibit 10.3.)

*12 Statement of computation of ratio of earnings to fixed charges for the years ended December 31, 1994, 1993, 1992, 1991 and 1990.

*23 Consent of Price Waterhouse dated March 28, 1995.

*24 Powers of Attorney of each of the persons signing this report by attorney-in-fact.

*27 Financial Data Schedule. (To the extent provided in Rule 402 of Regulation S-T, this exhibit shall not be deemed "filed", or otherwise subject to liabilities, or be deemed part of a registration statement.)

Exhibits listed above which have been filed with the Securities and Exchange Commission pursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934, and which were designated as noted above, are hereby incorporated by reference and made a part of this report with the same effect as if filed with the report.

_____
* Filed herewith

(b) Reports on Form 8-K:

During the quarter ended December 31, 1994, the Company filed no Current Reports on Form 8-K.

The Company filed a Current Report on Form 8-K, dated February 13, 1995, reporting (under Item 5) the settlement agreement discussed under the caption "Liquidity and Capital Resources - 1994 Electric Rate Increase Filing" in Item 7 of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

Date: March 29, 1995 By Raymond J. McCann
Raymond J. McCann
Executive Vice President &
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date	Signature	Title
March 29, 1995	Eugene R. McGrath*	Chairman of the Board, President, Chief Executive Officer and Trustee (Principal Executive Officer)
March 29, 1995	Raymond J. McCann*	Executive Vice President & Chief Financial Officer and Trustee (Principal Financial Officer)
March 29, 1995	Joan S. Freilich*	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)
	E. Virgil Conway*	Trustee
	Gordon J. Davis*	Trustee
	Ruth M. Davis*	Trustee
	Ellen V. Futter*	Trustee
	Arthur Hauspurg*	Trustee
	Sally Hernandez-Pinero*	Trustee
	Peter W. Likins*	Trustee
	Frederick P. Rose*	Trustee
	Donald K. Ross*	Trustee
	Robert G. Schwartz*	Trustee
	Richard A. Voell*	Trustee
	Myles V. Whalen, Jr.*	Trustee
March 29, 1995	*By Raymond J. McCann Raymond J. McCann	Attorney-in-Fact

NEW YORK STATE ENERGY RESEARCH
AND DEVELOPMENT AUTHORITY

AND

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

THIRD SUPPLEMENTAL PARTICIPATION AGREEMENT
dated as of December 1, 1994

to

PARTICIPATION AGREEMENT
dated as of December 1, 1992

---

relating to

7 1/8% Facilities Revenue Bonds, Series 1994 A
(Consolidated Edison Company of New York, Inc. Project)

TABLE OF CONTENTS

REPRESENTATIONS

ARTICLE III

SALE AND ISSUANCE OF SERIES 1994 A BONDS

ARTICLE IV

MISCELLANEOUS

This THIRD SUPPLEMENTAL PARTICIPATION AGREEMENT, dated as of December 1, 1994, to PARTICIPATION AGREEMENT, dated as of December 1, 1992 (the "Basic Participation Agreement"), between NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY, a body corporate and politic, constituting a public benefit corporation, established and existing under and by virtue of the laws of the State of New York (the "Authority") and CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., a corporation duly organized and existing and qualified to do business as a public utility under the laws of the State of New York (the "Corporation"),

WITNESSETH:

WHEREAS, the Authority has previously issued four series of bonds in order to provide funds for the payment of a portion of the cost of the acquisition, construction and installation of certain facilities for the furnishing of electric energy and gas within the Corporation's service areas or for the refunding of prior obligations of the Authority issued for the purpose of financing the cost of such facilities, which bonds were issued pursuant to an Indenture of Trust, dated as of December 1, 1992, between the Authority and Morgan Guaranty Trust Company of New York, as trustee (the "Basic Indenture"), as supplemented, and the proceeds were made available to the Corporation pursuant to the Basic Participation Agreement, as supplemented; and

WHEREAS, the Authority by a resolution of the Members of the Authority adopted on June 30, 1994 authorized the appointment of Marine Midland Bank as successor Trustee and appointed Marine Midland Bank as Paying Agent under the Basic Indenture effective on the close of business August 31, 1994, and the Authority, Morgan Guaranty Trust Company of New York and Marine Midland Bank entered into an Instrument of Resignation, Appointment and Acceptance dated as of August 10, 1994, whereby Morgan Guaranty Trust Company of New York resigned as Trustee and Paying Agent under the Basic Indenture and Marine Midland Bank accepted appointment as Trustee and Paying Agent; and

WHEREAS, the Corporation has requested that the Authority participate in the acquisition, construction and installation of certain facilities for the furnishing of gas within the Corporation's gas service area (such additional facilities referred to above being hereinafter referred to as the "Series 1994 A Project" and being further described in Exhibit A and Exhibit B to this Supplemental Participation Agreement), and as part of such participation, that the Authority issue an additional series of bonds pursuant to the Act (as defined in the Basic Indenture) to provide funds for such purposes; and

WHEREAS, the Basic Participation Agreement provides that the Authority may issue additional series of bonds to finance the cost of the acquisition, construction and

installation of one or more Additional Projects (as defined in the Basic Indenture) provided that the Authority comply with the requirements of the Basic Indenture and the Corporation comply with the requirements of the Basic Participation Agreement in connection therewith; and

WHEREAS, pursuant to Resolution No. 834, adopted June 30, 1994, the Authority has determined to issue its "Facilities Revenue Bonds, Series 1994 A (Consolidated Edison Company of New York, Inc. Project)" in an aggregate principal amount of $100,000,000 (the "Series 1994 A Bonds") to provide for the financing of a portion of the cost of the acquisition, construction and installation of the Series 1994 A Project; and

WHEREAS, the Authority is entering into a supplement to the Basic Indenture dated as of December 1, 1994, between the Authority and Marine Midland Bank, as Trustee (the "Third Supplemental Indenture"), to provide for the issuance of the Series 1994 A Bonds; and

WHEREAS, the Authority and the Corporation are entering into a Tax Regulatory Agreement dated the date of initial delivery of the Series 1994 A Bonds pursuant to which the Corporation will enter into certain covenants designed to assure that certain conditions to the exclusion from gross income of interest on the Series 1994 A Bonds imposed by the Internal Revenue Code of 1986, as amended, are met;

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements hereinafter set forth, the Authority and the Corporation, each binding itself, its successors and assigns, do mutually promise, covenant and agree to supplement the Basic Participation Agreement as follows:

ARTICLE I

SHORT TITLE; DEFINITIONS

SECTION 1.01. Short Title. This supplement to the Basic Participation Agreement may hereafter be cited by the parties hereto, and is herein referred to, as the Third Supplemental Participation Agreement.

SECTION 1.02. Definitions. Unless the context shall otherwise require, the terms used in this Third Supplemental Participation Agreement, including the recitals, which are defined in Section 1.01 of the Basic Indenture and Section 1.02 of the Third Supplemental Indenture shall have the meanings, respectively, herein, which such terms are given in said sections.

ARTICLE II

REPRESENTATIONS

SECTION 2.01. Representations and Warranties by the Authority. The Authority represents and warrants as follows:

(a) The Authority is a body corporate and politic, constituting a public benefit corporation, established and existing under the laws of the State of New York;

(b) The Authority has full power and authority to execute and deliver this Third Supplemental Participation Agreement, the Third Supplemental Indenture and the Series 1994 A Tax Regulatory Agreement, and to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder;

(c) The Authority is not in violation of or in default under any of the provisions of the laws or the Constitution of the State of New York which would affect its existence or its powers referred to in the preceding paragraph (b);

(d) The Authority has determined that its participation in the financing of the Series 1994 A Project, as contemplated by this Third Supplemental Participation Agreement, is in the public interest;

(e) The Authority has duly authorized the execution and delivery of this Third Supplemental Participation Agreement, the Third Supplemental Indenture and the Series 1994 A Tax Regulatory Agreement and the execution and delivery of the other documents incidental to this transaction, and all necessary authorizations therefor or in connection with the performance by the Authority of its obligations hereunder or thereunder have been obtained and are in full force and effect;

(f) The execution and delivery by the Authority of this Third Supplemental Participation Agreement, the Third Supplemental Indenture, the Series 1994 A Tax Regulatory Agreement and the other documents incidental to this transaction, and the consummation of the transactions herein or therein contemplated will not violate or cause a default under any indenture, mortgage, loan agreement or other contract or instrument to which the Authority is a party or by which it is bound, or any judgment, decree, order, statute, rule or regulation applicable to the Authority; and

(g) The Participation Agreement and the Indenture are in full force and effect.

SECTION 2.02. Representations and Warranties by the Corporation. The Corporation represents and warrants as follows:

(a) The Corporation is a corporation duly incorporated and in good standing under the laws of the State of New York, is duly qualified and authorized to transact business as a public utility in the State of New York and is not in violation of any provision of its Certificate of Incorporation or its By-Laws, has power to enter into, execute and deliver this Third Supplemental Participation Agreement, the Series 1994 A Tax Regulatory Agreement and the Series 1994 A Note and by proper corporate action has duly authorized the execution and delivery of this Third Supplemental Participation Agreement, the Series 1994 A Tax Regulatory Agreement and the Series 1994 A Note;

(b) The execution and delivery by the Corporation of this Third Supplemental Participation Agreement, the Series 1994 A Tax Regulatory Agreement and the Series 1994 A Note and the consummation of the transactions herein and therein contemplated will not conflict with or constitute a breach of or a default under the Corporation's Certificate of Incorporation, By-Laws or

any indenture, mortgage, loan agreement or other contract or instrument to which the Corporation is a party or by which it is bound, or any judgment, decree, order, statute, rule or regulation applicable to the Corporation;

(c) This Third Supplemental Participation Agreement, the Series 1994 A Tax Regulatory Agreement and the Series 1994 A Note constitute valid and legally binding obligations of the Corporation, enforceable against the Corporation in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally;

(d) The execution and delivery by the Corporation of this Third Supplemental Participation Agreement and the Series 1994 A Note in the manner and for the purposes herein set forth have been duly authorized by order of the Public Service Commission of the State of New York;

(e) No additional authorizations for or approvals of the execution and delivery by the Corporation of this Third Supplemental Participation Agreement, the Series 1994 A Tax Regulatory Agreement and the Series 1994 A Note need be obtained by the Corporation or if any such authorization or approval is necessary it has been obtained;

(f) The Corporation is not in default under the Participation Agreement or under any Note; and

(g) The Participation Agreement and all outstanding Notes are in full force and effect.

ARTICLE III

SALE AND ISSUANCE OF SERIES 1994 A BONDS

SECTION 3.01. Sale of Series 1994 A Bonds, Deposit of Proceeds and Series 1994 A Note. In order to provide funds for payment of a portion of the Cost of Construction of the Series 1994 A Project, the Authority, as soon as practicable after the execution of this Third Supplemental Participation Agreement, and concurrently with the execution and delivery to the Trustee of the Series 1994 A Note as provided in Section 4.01 of the Basic Participation Agreement (which Series 1994 A Note shall be in substantially the form attached hereto as Exhibit C), will issue, sell and deliver the Series 1994 A Bonds to the initial purchasers thereof, all pursuant to and as provided in the Series 1994 A Purchase Contract. The Authority will deposit the proceeds of such sale of the Series 1994 A Bonds with the Trustee, as follows: (i) in the Bond Fund, a sum equal to the accrued interest, if any, paid by the initial purchasers of the Series 1994 A Bonds and (ii) in the Series 1994 A Bond Proceeds Sub-account of the Series 1994 A Project Construction Account in the Project Fund, the balance of the proceeds received from such sale.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. Administrative Fees and Bond Issuance Charge Pertaining to Series 1994 A Bonds payable under Section 4.04 of the Basic Participation Agreement. In accordance with the first paragraph of Section 4.04 of the Basic Participation Agreement, the Corporation shall pay to the Authority with respect to the Series 1994 A Bonds an initial Administration Fee on the date of authentication and delivery of the Series 1994 A Bonds to the initial purchasers in the amount of $250,000 and an annual Administration Fee in the amount of $13,000 on December 1 of each year commencing December 1, 1995, until the Series 1994 A Bonds are no longer outstanding.

In accordance with the third paragraph of such Section 4.04, the Corporation shall also pay to the State of New York with respect to the Series 1994 A Bonds a bond issuance charge on the date of authentication and delivery of the Series 1994 A Bonds to the initial purchasers in the amount of $350,000.

SECTION 4.02. Mandatory Prepayment of Series 1994 A Note upon the Occurrence of Certain Events in Accordance with Section 5.06 of the Basic Participation Agreement. The occurrence of an event requiring the redemption of Series 1994 A Bonds pursuant to Section 2.01.5(b) or 2.01.5(e) of the Third Supplemental Indenture constitute "events triggering the comparable redemption provisions relating to any series of Additional Bonds" within the meaning of Section 5.06 of the Basic Participation Agreement and, in accordance with such Section 5.06, upon the occurrence of any event requiring the redemption of the Series 1994 A Bonds pursuant to Section 2.01.5(b) or 2.01.5(e) of the Third Supplemental Indenture, the Corporation shall pay to the Trustee the amount specified in the Series 1994 A Note. Notwithstanding any other provision of the Participation Agreement or the Indenture, the Corporation's obligations under such Section 5.06 in respect of the Series 1994 A Note shall survive the termination of the Participation Agreement and the Indenture.

The occurrence of an event requiring the redemption of Bonds pursuant to said Section 2.01.5(b) or 2.01.5(e) shall not be an event of default under the Series 1994 A Note but shall require only the performance of the obligations of the Corporation stated in this Section, the breach of which shall constitute an event of default under the Series 1994 A Note.

SECTION 4.03. Series 1994 A Tax Regulatory Agreement. The Authority and the Corporation are entering into the Series 1994 A Tax Regulatory Agreement, and the Corporation hereby covenants and agrees to comply with the provisions thereof.

SECTION 4.04. Effective Date; Counterparts. This Third Supplemental Participation Agreement shall become effective on delivery, subject to receipt of the written consent of the Trustee to the extent required pursuant to Section 4.01 of the Basic Indenture. This Third Supplemental Participation Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same Third Supplemental Participation Agreement.

IN WITNESS WHEREOF, the Authority and the Corporation have caused this Third Supplemental Participation Agreement to be duly executed as of the day and year first above written.

NEW YORK STATE ENERGY RESEARCH

AND DEVELOPMENT AUTHORITY

(SEAL) By_____
Chair

ATTEST:

_____
Secretary

CONSOLIDATED EDISON COMPANY OF
NEW YORK, INC.

(SEAL) By_____
Treasurer

ATTEST:

_____
Secretary

EXHIBIT A

(To Third Supplemental Participation Agreement,
dated as of December 1, 1994,
between New York State Energy Research and Development Authority
and Consolidated Edison Company of New York, Inc.)

DESCRIPTION OF SERIES 1994 A PROJECT
EXEMPT FACILITIES

The following facilities are as further described in the Series 1994 A Tax Regulatory Agreement between the Authority and the Corporation dated the date of the initial delivery of the Series 1994 A Bonds. All terms used in this Exhibit A and not otherwise defined are used as defined in the above-referenced Third Supplemental Participation Agreement.

The Series 1994 A Project Exempt Facilities will consist of the following facilities which have been or are to be acquired, constructed and installed within the City of New York and the County of Westchester, New York by the Corporation as part of the Corporation's gas distribution system:

1. Gas Mains
2. Gas Measuring and Regulating Station Equipment
3. Gas Services
4. Gas Meters
5. Gas Meter Installations
6. House Regulators
7. House Regulator Installations
8. Liquefied Natural Gas Storage Projects
9. Gas Distribution Plant Structures and Improvements

The Series 1994 A Project Exempt Facilities shall also include (i) such instrumentation, controls, structures and all other facilities, equipment, devices and the like necessary to support the facilities herein described, (ii) such necessary land improvements and (iii) such additional or substituted facilities for the furnishing of gas within the Corporation's gas service area which because of changes in technology, environmental standards, cost or the like, the Corporation determines shall be added to or substituted for said facilities.

Provided, however, that the Series 1994 A Project Exempt Facilities shall not include: (i) facilities placed in service more than 18 months prior to the issuance of the Series 1994 A Bonds; and (ii) facilities for which the Cost of Construction was expended by the Corporation prior to December 13, 1991.

EXHIBIT B

(To Third Supplemental Participation Agreement
dated as of December 1, 1994,
between New York State Energy Research and Development Authority
and Consolidated Edison Company of New York, Inc.)

DESCRIPTION OF OTHER SERIES 1994 A PROJECT FACILITIES

Any facilities which would be described in the preceding Exhibit A but for the proviso thereto.

EXHIBIT C

(To Third Supplemental Participation Agreement
dated as of December 1, 1994,

between New York State Energy Research and Development Authority
and Consolidated Edison Company of New York, Inc.)

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

$100,000,000 PROMISSORY NOTE

FOR

7 1/8% FACILITIES REVENUE BONDS, SERIES 1994 A
(CONSOLIDATED EDISON COMPANY OF NEW YORK, INC. PROJECT)

Consolidated Edison Company of New York, Inc. (the "Corporation"), a New York corporation, for value received, hereby promises to pay, on or before the dates set forth below, the principal amount of $100,000,000 together with interest on the unpaid amount thereof at the rate set forth below, to Marine Midland Bank, or its successor or successors as trustee (the "Trustee") under the Indenture of Trust dated as of December 1, 1992 (the "Basic Indenture"), between New York State Energy Research and Development Authority (the "Authority"), a body corporate and politic, constituting a public benefit corporation, established and existing under and by virtue of the laws of the State of New York, and the Trustee. The Basic Indenture as previously supplemented, and as supplemented by the Third Supplemental Indenture of Trust dated as of December 1, 1994, between the Authority and the Trustee (such Third Supplemental Indenture being herein referred to as the "Third Supplemental Indenture"), is herein called the "Indenture," and all bonds issued under and secured by the Indenture are herein collectively called the "Bonds." Bonds of the Authority designated as "Facilities Revenue Bonds, Series 1994 A (Consolidated Edison Company of New York, Inc. Project)," issued in the aggregate principal amount of $100,000,000 under and secured by the Indenture are herein collectively called the "Series 1994 A Bonds." Unless otherwise defined herein or unless the context clearly requires otherwise, the terms used herein that are defined in the Indenture have the meanings, respectively, herein that such terms are given in the Indenture.

This Note (the "Note") is issued pursuant to a certain Participation Agreement dated as of December 1, 1992, between the Corporation and the Authority (the "Basic Participation

Agreement"). Such Basic Participation Agreement as previously supplemented, and as supplemented by the Third Supplemental Participation Agreement dated as of December 1, 1994, between the Corporation and the Authority (such Third Supplemental Participation Agreement being herein referred to as the "Third Supplemental Participation Agreement"), is herein called the "Participation Agreement," and any Note issued pursuant to the Participation Agreement is herein called "any Note." Additional similar notes may be issued as provided in the Participation Agreement. Similar notes have previously been issued pursuant to the Participation Agreement. This Note, the notes previously issued and such additional notes as may hereinafter be issued and outstanding pursuant to the Participation Agreement are hereinafter collectively called the "Notes." In accordance with the Participation Agreement, the Authority has authorized and directed the Corporation to issue this Note payable to the order of the Trustee as security for the payment of principal of and premium, if any, and interest on the Bonds. The rights and interest of the Authority under the Participation Agreement (subject to certain exceptions and reservations described in the

Indenture) have been assigned to the Trustee pursuant to the Indenture.

This Note shall mature on December 1, 2029, subject to the prepayment provisions hereinafter provided, and shall bear interest from the date hereof at the rate of seven and one-eighth per centum (7 1/8%) per annum, payable on the first day of June and December in each year commencing June 1, 1995.

This Note is subject to prepayment at the option of the Corporation on or after December 1, 2004, as a whole or in part at any time, upon payment in each case of the applicable prepayment price (expressed as a percentage of the principal amount of this Note or portion hereof to be prepaid) as set forth in the schedule below, together with unpaid interest accrued to the prepayment date on the principal amount of this Note or portion hereof to be so prepaid:

Payment Dates (Inclusive)	Prepayment Price
December 1, 2004 through November 30, 2005	102%
December 1, 2005 through November 30, 2006	101%
December 1, 2006 and thereafter	100%

All payments of principal, premium, if any, and interest shall be made to the Trustee at its Corporate Trust Office, New York, New York, on or before the due date for the corresponding payment on the Series 1994 A Bonds, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and

private debts. The amount of any such payment shall be reduced by the amount, if any, in the Bond Fund under the Indenture on the due date for such payment which is available for and applied to the corresponding payment on the Series 1994 A Bonds.

In the event that, on the due date of any principal (whether due at maturity or by call for redemption prior to maturity) and premium, if any, or interest payment on the Series 1994 A Bonds, the monies on deposit in the Bond Fund held by the Trustee under the Indenture shall not be sufficient to pay in full such principal and premium, if any, or interest, on account of a loss or losses incurred on the investment of monies held in such Bond Fund, or for any other reason, the Corporation shall forthwith pay to the Trustee in immediately available funds for deposit in the Bond Fund the amount of monies sufficient, together with available monies on deposit in such Bond Fund, to pay in full all such principal and premium, if any, and interest on the Series 1994 A Bonds. Prepayment of this Note or any portion hereof may be made only in connection with the redemption or purchase prior to maturity of all or a portion of the Series 1994 A Bonds or pursuant to Article XIV of the Indenture.

This Note shall be prepaid, without premium, in whole, or in part if and to the extent that redemption of the Series 1994 A Bonds in part is permitted under Section 2.01.5(b) of the Third Supplemental Indenture, in the event of the redemption of the Series 1994 A Bonds pursuant to Section 2.01.5(b) of the Third Supplemental Indenture. This Note may be prepaid in whole, without premium, at the option of the Corporation in connection with a redemption of the Series 1994 A Bonds pursuant to Section 2.01.5(c) of the Third Supplemental Indenture.

This Note may be prepaid in whole or in part at any time, without premium, at the option of the Corporation subsequent to the redemption of the Series 1994 A Bonds pursuant

to Section 2.01.5(d) of the Third Supplemental Indenture.

This Note shall be prepaid in whole, or in part if and to the extent that redemption of the Series 1994 A Bonds in part is permitted under Section 2.01.5(e) of the Third Supplemental Indenture, in the event of the redemption of the Series 1994 A Bonds pursuant to Section 2.01.5(e) of the Third Supplemental Indenture. Prepayment of this Note pursuant to this paragraph shall be with or without a premium, as required to provide sufficient funds to redeem the Series 1994 A Bonds being redeemed pursuant to the applicable provision of Section 2.01.5(e) of the Third Supplemental Indenture.

In the event that payment or provision therefor has been made in respect of the principal of and premium, if any, and interest on all of the Series 1994 A Bonds, in accordance with

Article XIV of the Indenture, then this Note shall be deemed paid in full and shall be cancelled and returned to the Corporation.

No reference herein to the Participation Agreement shall impair the obligation of the Corporation to pay the principal of and premium, if any, and interest on this Note at the time and place and in the amounts herein prescribed, which obligation is absolute, irrevocable and unconditional and is not subject to any defense (other than payment) or any right of setoff, counterclaim or recoupment for any reason, including, without limitation, any breach by the Authority of any obligation to the Corporation, whether under the Participation Agreement or otherwise, or inaccuracy of any representation by the Authority to the Corporation under the Participation Agreement, or any indebtedness or liability at any time owing to the Corporation by the Authority or any failure to complete any Project (as defined in the Participation Agreement), or the destruction by fire or other casualty of any Project or any portion thereof, or the taking of title thereto or the use thereof by the exercise of the power of eminent domain.

COVENANTS OF THE CORPORATION

The Corporation covenants (but without limiting other covenants and provisions of this Note and the Participation Agreement) as follows:

SECTION 1.1. Maintenance of Office or Agency. So long as this Note remains outstanding and unpaid, the Corporation will at all times keep, in New York, New York, or another location in the State of New York, an office or agency where notices and demands with respect to this Note may be served, and will, from time to time, give written notice to the Trustee of the location of such office or agency; and, in case the Corporation shall fail so to do, notices may be served and demands may be made at the principal office of the Trustee.

SECTION 1.2. Further Assurances. The Corporation will make, execute, acknowledge and deliver, or cause to be made, executed, acknowledged and delivered, to the Trustee any and all such further acts, deeds, conveyances, assignments or assurances as may be reasonably required for effectuating the intention of this Note.

SECTION 1.3. Payment of Taxes and Other Charges. So long as this Note remains outstanding and unpaid, the Corporation will promptly pay and discharge, or cause to be paid and discharged as the same shall become due and payable, any and all lawful taxes, rates, levies, assessments, and governmental liens, claims and other charges at any time imposed or accruing upon or

against the Corporation or upon or against its properties or any

part thereof, or upon the income derived therefrom or from the operations of the Corporation, provided, that the Corporation shall not be required to pay or discharge, or cause to be paid or discharged, any such obligation, tax, rate, levy, assessment, lien, claim or other charge so long as in good faith and by appropriate legal proceedings the validity thereof shall be contested.

SECTION 1.4. Maintenance of Properties. So long as this Note remains outstanding and unpaid, the Corporation will at all times make or cause to be made such expenditures for repairs, maintenance and renewals, or otherwise, as shall be necessary to maintain its properties in good repair, working order and condition as an operating system or systems to the extent necessary to meet the Corporation's obligations under the Public Service Law of the State of New York and the Participation Agreement.

SECTION 1.5. Insurance. So long as this Note remains outstanding and unpaid, the Corporation will keep or cause to be kept its properties that are of an insurable nature, insured against loss or damage by fire or other risks, the risk of which in the opinion of an Authorized Corporation Representative (who shall be an officer or employee of the Corporation responsible for the management of such risks) is customarily insured against by companies similarly situated and operating like properties, to the extent that property of similar character is, in such Authorized Corporation Representative's opinion, customarily insured against by such companies, either (a) by reputable insurers or (b) in whole or in part in the form of reserves or of one or more insurance funds created by the Corporation, whether alone or with other corporations.

SECTION 1.6. Proper Books of Record and Account. So long as this Note remains outstanding and unpaid, the Corporation will at all times keep or cause to be kept proper books of record and account, in which full, true and correct entry will be made of all dealings, business and affairs of the Corporation, including proper and complete entries to capital or property accounts covering property worn out, obsolete, abandoned or sold, all in accordance with the requirements of any system of accounting or keeping accounts or the rules, regulations or orders prescribed by a regulatory commission with jurisdiction over the rates of the Corporation giving rise to at least fifty-one percent (51%) of the Corporation's gross revenues, or if there are no such requirements or rules, regulations or orders, then in compliance with generally accepted accounting principles.

SECTION 1.7. Compliance with laws. So long as this Note remains outstanding and unpaid, the Corporation agrees to use its best efforts to comply in all material respects with all

applicable laws, rules and regulations and orders of any governmental authority, non-compliance with which would have a material adverse effect on its business, financial condition or results of operations (to the extent the Corporation deems it can reasonably comply while maintaining its public utility operations) or would materially adversely affect the Corporation's ability to perform its obligations hereunder or under the Participation Agreement, except laws, rules, regulations or orders being contested in good faith or laws, rules, regulations or orders which the Corporation has applied for variances from, or exceptions to.

SECTION 1.8. Consolidation, Merger or Sale of Assets. So long as this Note remains outstanding and unpaid, the Corporation will not consolidate with or permit itself to be merged into any other corporation or corporations, or sell, transfer or otherwise dispose of all or substantially all of its properties and assets, except in the manner and upon the terms and conditions set forth in this Section 1.8.

Nothing contained in this Note shall prevent (and this Note shall be construed as permitting and authorizing, without acceleration of the maturity of this Note) any lawful consolidation or merger of the Corporation with or into any other corporation or corporations lawfully authorized to acquire and operate the properties of the Corporation, or a series of consolidations or mergers, or successive consolidations or mergers, in which the Corporation or its successor or successors shall be a party, or any sale of all or substantially all the properties of the Corporation as an entirety to a corporation lawfully authorized to acquire and operate the same; provided that, upon any such consolidation, merger or sale, the corporation formed by such consolidation, or into which such merger may be made if other than the Corporation, or making such purchase shall execute and deliver to the Trustee an instrument, in form reasonably satisfactory to the Trustee, whereby such corporation shall effectually assume the due and punctual payment of the principal of and premium, if any, and interest on this Note according to its tenor and the due and punctual performance and observance of all covenants and agreements to be performed by the Corporation pursuant to this Note and the Participation Agreement on the part of the Corporation to be performed and observed; and, thereupon, such corporation shall succeed to and be substituted for the Corporation hereunder, with the same effect as if such successor corporation had been named herein as obligor.

Every such successor corporation shall possess, and may exercise, from time to time, each and every right and power hereunder of the Corporation, in its name or otherwise; and any act, proceeding, resolution or certificate by any of the terms of

this Note required or provided to be done, taken and performed or made, executed or verified by any board or officer of the Corporation shall and may be done, taken and performed or made, executed and verified with like force and effect by the corresponding board or officer of any such successor corporation.

If consolidation, merger or sale or other transfer is made as permitted by this Section, the provisions of this Section shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Section.

SECTION 1.9. Financial Statements of Corporation. The Corporation agrees to have an annual audit made by independent accountants and to furnish the Trustee with a balance sheet and statements of income, retained earnings and cash flow showing the financial condition of the Corporation and its consolidated subsidiaries, if any, at the close of each fiscal year, and the results of operations of the Corporation and its consolidated subsidiaries, if any, for each fiscal year, as audited by said accountants, on or before the last day of the third month following the close of the fiscal year or as soon thereafter as they are reasonably available. The Corporation further agrees to furnish to the Trustee, the Authority and to any owner of such Bonds if requested in writing by such owner all financial statements which it sends to its shareholders. The Corporation's

obligations under this Section 1.9 shall terminate when none of the Series 1994 A Bonds shall be outstanding.

SECTION 1.10. Certificates as to Defaults. So long as this Note remains outstanding and unpaid, the Corporation shall file with the Trustee, on or before August 15 of each year, a certificate signed by an Authorized Corporation Representative (as defined in the Indenture) stating that, to the best of his knowledge and belief, the Corporation has kept, observed, performed and fulfilled each and every one of its covenants and obligations contained herein and in the Participation Agreement and there does not exist at the date of such certificate any default by the Corporation under Section 4.07 of the Basic Participation Agreement or any event of default hereunder or other event which, with notice or the lapse of time specified in Section 2.1, or both, would become an event of default or, if any such default or event of default or other event shall so exist, specifying the same and the nature and status thereof.

DEFAULTS BY CORPORATION

SECTION 2.1. Events of Default; Acceleration. In case one or more of the following events of default shall have occurred and be continuing:

(a) default in the payment of any installment of interest due in respect of this Note or any Note issued under the Participation Agreement and the continuance of such default for a period of five (5) days; or

(b) default in the payment of the principal of or premium, if any, due in respect of any Note either at maturity, by declaration or otherwise; or

(c) default in the making of any mandatory prepayment due in respect of any Note; or

(d) subject to the second and third paragraphs of Section 5.06 of the Basic Participation Agreement as supplemented, failure on the part of the Corporation duly to observe or perform any other of the covenants or agreements on the part of the Corporation contained in the Participation Agreement (other than failure to pay the amounts due under Sections 4.04, 4.05, 4.07, 4.08 and 4.09 of the Basic Participation Agreement, as supplemented) or in any Note, in each case for a period of fifty (50) days after the date on which written notice of such failure, requiring the Corporation to remedy the same, shall have been given to the Corporation by the Authority, the Trustee or the owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds outstanding under the Indenture; or

(e) the Corporation shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Corporation or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due; or

(f) an event of default as defined in Section 13.01 of the Mortgage;

then, (i) provided that the principal of the Bonds shall have been declared to be due and payable by acceleration pursuant to the terms of the Indenture, this Note shall thereupon become and be immediately due and payable, and/or (ii) the Trustee may, and upon the written request of the owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding shall, proceed to enforce the performance or observance of any obligations, agreements, or covenants of the Corporation under the Participation Agreement or this Note.

In addition, if at any time the principal of the Bonds shall have been declared to be due and payable by acceleration pursuant to the terms of the Indenture, this Note shall thereupon become and be immediately due and payable.

If any such declaration of acceleration of the Bonds shall have been annulled pursuant to the terms of the Indenture and if, at any time after such declaration, but before all the Bonds shall have matured by their terms, all arrears of interest upon such Notes, and interest on overdue installments of interest (to the extent enforceable under applicable law) at the rate or rates per annum specified for such Notes and the principal of and premium, if any, on all Notes then outstanding which shall have become due and payable otherwise than by acceleration, and all other sums payable hereunder, except the principal of, and interest on, the Notes which by such declaration shall have become due and payable, shall have been paid by or on behalf of the Corporation or provision satisfactory to the Trustee shall have been made for such payment, then any such declaration shall ipso facto be deemed to be rescinded and any such default and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or remedy consequent thereon.

In case the Trustee shall have proceeded to enforce any right under this Note and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Corporation and the Trustee shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Corporation and the Trustee shall continue as though no such proceedings had been taken.

SECTION 2.2. Failure to pay Administration Fee or provide for indemnification. In case the Corporation shall have failed to pay the Administration Fee or to provide indemnification to the Authority or the Trustee or compensation or reimbursement of expenses to the Authority or the Trustee under the Participation Agreement which event shall have continued for a period of fifty (50) days after the date on which written notice of such failure, requiring the Corporation to remedy the same, shall have been given to the Corporation by the Authority or the Trustee, the Authority or the Trustee may take whatever action at law or in equity as may appear necessary or desirable to enforce performance or observance of any obligations, agreements or warranties of the Corporation under Sections 4.04, 4.05, 4.07, 4.08, 4.09 and 4.10 of the Basic Participation Agreement, as supplemented.

SECTION 2.3. Payment of Notes on Default; Suit Therefor. The Corporation covenants that in case default shall

occur in the payment of any installment of the principal of or premium, if any, or interest in respect of any Note, as and when the same shall have become due and payable, whether at maturity or upon mandatory prepayment or by declaration or otherwise,

then, upon demand of the Trustee, the Corporation will pay to the Trustee the whole amount that then shall have become due and payable on such Note for principal and premium, if any, and interest, with interest upon the overdue principal and premium, if any, and (to the extent enforceable under applicable law) upon the overdue installments of interest at the respective rate or rates borne by such Note and any expenses or liabilities incurred by the Trustee other than through its negligence or bad faith.

In case the Corporation shall fail forthwith to pay such amounts upon such demand, the Trustee may, and upon the written request of the owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding shall, institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may collect in the manner provided by law the monies adjudged or decreed to be payable and all other sums due and payable by the Corporation hereunder or under the Indenture.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Corporation under the Federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Corporation or in the case of any other similar judicial proceedings relative to the Corporation, or to the creditors or property of the Corporation, the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal and premium, if any, and interest owing and unpaid in respect of any Note and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Corporation, its creditors, or its property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including counsel fees incurred by it up to the date of such distribution.

MISCELLANEOUS PROVISIONS

SECTION 3.1. Amendments. This Note may not be amended except by an instrument in writing signed by the Corporation and

by the Trustee, on behalf of the owners of the Bonds, in the manner and subject to the conditions provided in Section 4.03 of the Basic Indenture.

SECTION 3.2. LAW GOVERNING. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

SECTION 3.3. Presentment, etc. Presentment, demand, protest and notice of dishonor are hereby expressly waived.

IN WITNESS WHEREOF, the Corporation has caused this Note to be duly executed and delivered as of December 1, 1994.

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

By:_____
Treasurer

(SEAL)

ATTEST:

_____
Secretary

THIRD SUPPLEMENTAL
INDENTURE OF TRUST
dated as of December 1, 1994

to

INDENTURE OF TRUST
dated as of December 1, 1992

BETWEEN

NEW YORK STATE ENERGY RESEARCH
AND DEVELOPMENT AUTHORITY

AND

Marine Midland Bank,
as Trustee

relating to
7 1/8% Facilities Revenue Bonds, Series 1994 A
(Consolidated Edison Company of New York, Inc. Project)

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THIS THIRD SUPPLEMENTAL INDENTURE OF TRUST, made and entered into as of December 1, 1994 (the "Third Supplemental Indenture"), by and between New York State Energy Research and Development Authority (the "Authority") and Marine Midland Bank, as trustee (the "Trustee"), a New York banking corporation and trust company, with its principal corporate trust office located in New York, New York, as Trustee,

WITNESSETH THAT:

WHEREAS, the Authority has previously issued four series of bonds in order to provide funds for the payment of a portion of the cost of the acquisition, construction and installation of certain facilities for the furnishing of electric energy and gas within the service areas of Consolidated Edison Company of New York, Inc. (the "Corporation") or for the refunding of prior obligations of the Authority issued for the purpose of financing the cost of such facilities, which bonds were issued pursuant to an Indenture of Trust dated as of December 1, 1992, between the Authority and Morgan Guaranty Trust Company of New York, as trustee (the "Basic Indenture"), as supplemented, and the proceeds were made available to the Corporation pursuant to a Participation Agreement dated as of December 1, 1992, by and between the Authority and the Corporation (the "Basic Participation Agreement"), as supplemented; and

WHEREAS, the Authority by a resolution of the Members of the Authority adopted on June 30, 1994 authorized the appointment of Marine Midland Bank as successor Trustee and appointed Marine Midland Bank as Paying Agent under the Basic Indenture effective on the close of business August 31, 1994, and the Authority, Morgan Guaranty Trust Company of New York and

Marine Midland Bank entered into an Instrument of Resignation, Appointment and Acceptance dated as of August 10, 1994, whereby Morgan Guaranty Trust Company of New York resigned as Trustee and Paying Agent under the Basic Indenture and Marine Midland Bank accepted appointment as Trustee and Paying Agent; and

WHEREAS, the Corporation has requested that the Authority participate in the acquisition, construction and installation of certain facilities for the furnishing of gas within the Corporation's gas service area (such additional facilities for the furnishing of gas being hereinafter referred to as the "Series 1994 A Project" and being further described in Exhibit A and Exhibit B to the Third Supplemental Participation Agreement (as hereinafter defined)) and, as part of such participation, that the Authority issue an additional series of bonds pursuant to the Act to provide funds for such purposes; and

WHEREAS, the Basic Indenture provides that the Authority may issue additional series of bonds to finance the cost of the Series 1994 A Project, provided that the Authority

comply with the requirements of the Basic Indenture and the Corporation comply with the requirements of the Basic Participation Agreement in connection therewith; and

WHEREAS, pursuant to Resolution No. 834, adopted June 30, 1994, the Authority has determined to issue $100,000,000 aggregate principal amount of Additional Bonds (as defined in the Basic Indenture) for the purpose of financing a portion of the costs of the acquisition, construction and installation of the Series 1994 A Project (such Additional Bonds issued for such purpose being hereinafter referred to as "Series 1994 A Bonds"); and

WHEREAS, the Authority proposes to issue the Series 1994 A Bonds pursuant to this Third Supplemental Indenture; and

WHEREAS, the Authority and the Corporation are entering into a Tax Regulatory Agreement dated the date of initial delivery of the Series 1994 A Bonds pursuant to which the Corporation is entering into certain covenants designed to assure that certain conditions to the exclusion from gross income of interest on the Series 1994 A Bonds imposed by the Internal Revenue Code of 1986, as amended, are met, and certain of the Authority's rights thereunder are being assigned to the Trustee under this Third Supplemental Indenture; and

WHEREAS, all acts, conditions and things necessary or required by the Constitution and laws of the State of New York or otherwise, to exist, happen, and be performed as prerequisites to the execution and delivery of this Third Supplemental Indenture, do exist, have happened, and have been performed; and

WHEREAS, the Authority has determined that the Series 1994 A Bonds issuable hereunder and the certificate of authentication by the Trustee to be endorsed on the Series 1994 A Bonds shall be, respectively, substantially in the following forms with such variations, omissions and insertions as are required or permitted by the Indenture (as defined in the Basic Indenture):

(FORM OF SERIES 1994 A BOND)

NEW YORK STATE ENERGY RESEARCH AND
DEVELOPMENT AUTHORITY

7 1/8% Facilities Revenue Bond, Series 1994 A
(Consolidated Edison Company of New York, Inc. Project)

No. AR..... $_____

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
7 1/8%	December 1, 2029	December 1, 1994	64984E BC 8

REGISTERED OWNER:

PRINCIPAL SUM: DOLLARS

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (the "Authority"), a body corporate and politic, constituting a public benefit corporation, organized and existing under and by virtue of the laws of the State of New York, for value received, hereby promises to pay solely from the sources and as hereinafter provided to the Registered Owner (named above), or registered assigns, on the Maturity Date (stated above), unless redeemed prior thereto as hereinafter provided, upon the presentation and surrender hereof, the Principal Sum (stated above) and in like manner to pay interest on said Principal Sum from the date hereof, at the Interest Rate (stated above) per annum, on the first day of June and December in each year (commencing June 1, 1995), until said Principal Sum is paid or made available for payment. The principal of and premium, if any, on this bond are payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts, upon presentation and surrender hereof, at the principal corporate trust office (the "Corporate Trust Office") of Marine Midland Bank, as Trustee or its successors in trust (the "Trustee"). The interest on this bond, when due and payable, shall be paid to the Registered Owner hereof (or of any bond or bonds previously outstanding in exchange, transfer or substitution for which this bond was issued) as of the close of business on the Record Date (hereinafter referred to) for each interest payment date by check, payable in such coin or currency of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, mailed to

such person at his or her address last appearing as of the close of business on the Record Date on the Bond Register to be kept by the Trustee at its Corporate Trust Office. The Indenture (hereinafter referred to) designates the fifteenth day, whether or not a business day, of the month next preceding each interest payment date as the Record Date for such interest payment date. Interest not so paid shall be paid in accordance with the provisions of Article X of the Indenture.

This bond is one of a duly authorized issue of bonds of the Authority designated as "Facilities Revenue Bonds, Series 1994 A (Consolidated Edison Company of New York, Inc. Project)" (the "Series 1994 A Bonds"), issued in the aggregate principal amount of $100,000,000 under and pursuant to the Constitution and laws of the State of New York, particularly the New York State Energy Research and Development Authority Act, Title 9 of Article 8 of the Public Authorities Law of the State of New York, as

amended (the "Act"), and under and pursuant to a resolution adopted by the Authority on June 30, 1994. The Series 1994 A Bonds are issued under and are secured ratably by an Indenture of Trust (the "Basic Indenture") dated as of December 1, 1992, as previously supplemented, and as supplemented by the Third Supplemental Indenture of Trust dated as of December 1, 1994 (the "Third Supplemental Indenture"), between the Authority and the Trustee. The Basic Indenture as so supplemented and as hereafter supplemented and amended in accordance therewith is hereinafter referred to as the "Indenture." The Series 1994 A Bonds are issued for the purpose of providing financing for the cost of acquisition, construction and installation of certain facilities of Consolidated Edison Company of New York, Inc. (the "Corporation") to be used for the local furnishing of gas (all of said facilities being referred to herein as the "Series 1994 A Project"), pursuant to the terms of a Participation Agreement (the "Basic Participation Agreement") dated as of December 1, 1992, as previously supplemented, and as supplemented by the Third Supplemental Participation Agreement dated as of December 1, 1994 (the "Third Supplemental Participation Agreement"), between the Authority and the Corporation. The Basic Participation Agreement as so supplemented and as hereafter supplemented and amended in accordance therewith is hereinafter referred to as the "Participation Agreement." As provided in the Indenture, additional bonds may be issued in one or more series to finance the cost of completing the Series 1994 A Project or any Project financed with the proceeds of Bonds (as hereinafter defined) , or to finance the cost of additional facilities for the furnishing of electric energy and gas and the distribution of steam or other facilities of the Corporation, or to refund obligations issued or incurred by the Authority pursuant to an agreement with the Corporation. Any such additional bonds, together with the Series 1994 A Bonds and other bonds of the Authority currently outstanding under the Indenture, are herein

referred to as the "Bonds." Any terms used and not otherwise defined herein, are used as defined in the Indenture.

*Copies of the Indenture are on file at the Corporate Trust Office of the Trustee, and reference is made to the Indenture for the provisions relating, among other things, to the terms and security of the Bonds, the rights and remedies of the owners of the Bonds, the terms and conditions upon which Bonds are issued and may be issued thereunder and the terms and provisions under which the Bonds may be redeemed.

*The Bonds are not general obligations of the Authority, and shall not constitute an indebtedness of or a charge against the general credit of the Authority or give rise to any pecuniary liability of the Authority. The liability of the Authority under such Bonds shall be enforceable only to the extent provided in the Indenture, and the Bonds shall be payable solely from payments to be made by the Corporation to the Trustee and any other funds held by the Trustee under the Indenture and available for such payment. In order to provide security for the payment of the principal of and premium, if any, and interest on all the Bonds in accordance with their terms and the terms of the Indenture, the Authority has in the Participation Agreement directed the Corporation to execute and deliver its promissory notes (the "Notes") to the Trustee as evidence of the obligation of the Corporation to the Authority to repay the advance of the proceeds of the Bonds by the Authority, and the Authority has under the Indenture pledged and assigned all its right, title and interest in and to the payments under the Notes to the Trustee for the benefit of the owners from time to time of the Bonds. The Bonds are further secured by a pledge and assignment of the

rights and interest of the Authority under the Participation Agreement (except the rights and interest of the Authority under Sections 4.04, 4.08, 4.09 and 4.10 of the Basic Participation Agreement, as supplemented, and subject to the reservation by the Authority of its rights under Article III and Section 4.07 of the Basic Participation Agreement and subject to the provisions of the Participation Agreement relating to the amendment thereof), the rights and interest of the Authority under the Tax Regulatory Agreement dated the date of the initial delivery of the Series 1994 A Bonds between the Authority and the Corporation (the "Series 1994 A Tax Regulatory Agreement"), subject to a reservation by the Authority of a right independently to enforce the obligations of the Corporation thereunder and subject to the provisions of the Series 1994 A Tax Regulatory Agreement relating to the amendment thereof, the proceeds of sale of the Bonds, all funds held by the Trustee under the Indenture and available for the payment of the Bonds, and the income earned by the investment of such funds held under the Indenture.

*The Series 1994 A Bonds are issuable in the form of registered bonds without coupons in the denomination of $5,000 or any integral multiple of $5,000. The owner of any Series 1994 A Bond or Bonds may surrender the same at the Corporate Trust Office of the Trustee (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his or her attorney duly authorized in writing), in exchange for an equal aggregate principal amount of Series 1994 A Bonds in any authorized denominations in the manner, subject to the conditions and upon the payment of the charges provided in the Indenture.

*This bond is transferable, as provided in the Indenture, only upon the Bond Register kept for that purpose at the Corporate Trust Office of the Trustee at the written request of the registered owner hereof or by his or her representative duly authorized in writing, upon surrender of this bond to the Trustee (together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his or her attorney duly authorized in writing). Thereupon, and upon payment of the charges prescribed, one or more new fully registered Series 1994 A Bonds of the same aggregate principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Indenture.

*The Series 1994 A Bonds are subject to redemption prior to maturity, at the option of the Authority exercised at the direction of the Corporation, on or after December 1,2004, as a whole or in part, at any time, upon payment in each case of the applicable redemption price (expressed as a percentage of the principal amount of the Series 1994 A Bonds to be redeemed) as set forth in the schedule below, together with unpaid interest accrued thereon to the date fixed for redemption, upon the notice and in the manner and subject to the provisions of the Indenture:

Redemption Dates (Inclusive)	Redemption Price
December 1, 2004 through November 30, 2005	102%
December 1, 2005 through November 30, 2006	101%
December 1, 2006 and thereafter	100%

*The Series 1994 A Bonds are also subject to extraordinary optional redemption, without premium, upon the occurrence of certain events in accordance with the terms of Section 2.01.5(c) of the Third Supplemental Indenture.

*The Series 1994 A Bonds shall be subject to mandatory redemption as a whole (provided, however, that the Series 1994 A

Bonds shall be redeemed in part if the Corporation obtains an opinion of Bond Counsel to the effect that, by redeeming such portion of the Series 1994 A Bonds, the interest on the remaining Series 1994 A Bonds will not be included for Federal income tax purposes in the gross income of any owner of the Series 1994 A Bonds (other than an owner who is a "substantial user" of the Series 1994 A Project or a "related person" within the meaning of Section 147(a)(1) of the Internal Revenue Code of 1986, as amended (the "Code"))) at any time at a redemption price of 100% of the principal amount thereof, together with unpaid interest accrued thereon to the date fixed for redemption, if, in a published or private ruling of the Internal Revenue Service or in a final, nonappealable judicial decision by a court of competent jurisdiction (provided that the Corporation has been afforded the opportunity to participate at its own expense in the proceeding resulting in such ruling or in the litigation resulting in such decision, as the case may be), it is determined that, as a result of a failure by the Corporation to observe any covenant, agreement or representation in the Participation Agreement or the Series 1994 A Tax Regulatory Agreement, interest on the Series 1994 A Bonds is includible for Federal income tax purposes in the gross income (as defined in Section 61 of the Code) of any owner of a Series 1994 A Bond (other than a "substantial user" of the Series 1994 A Project or a "related person" within the meaning of Section 147(a)(1) of the Code), and, in such event, the Series 1994 A Bonds shall be subject to such mandatory redemption not more than one hundred eighty (180) days after receipt by the Trustee of notice of such published or private ruling or judicial decision and a demand for redemption of the Series 1994 A Bonds.

*The Series 1994 A Bonds will also be subject to mandatory redemption in whole at a redemption price equal to the principal amount thereof plus unpaid interest accrued thereon to the redemption date if the Corporation reasonably concludes and certifies to the Trustee that the business, properties, condition (financial or otherwise), operations or business prospects of the Corporation will be materially and adversely affected unless the Corporation takes or omits to take a specified action and that the Corporation has been advised in writing by Bond Counsel that either (i) the specified action or omission would adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Series 1994 A Bonds afforded by Section 103 of the Code, or (ii) that the matter is subject to such doubt that such Bond Counsel is unable to advise the Corporation that the specified action or omission would not adversely affect such exclusion. Such conclusion and certification shall be evidenced by delivery to the Trustee of a written certificate of an Authorized Corporation Representative to the effect that the Corporation has reached such conclusion, together with a copy of such advice of Bond Counsel.

*The Series 1994 A Bonds will also be subject to mandatory redemption at a redemption price equal to one hundred three percent (103%) of the principal amount thereof plus unpaid interest accrued thereon to the redemption date if the Corporation reasonably concludes and certifies to the Trustee that the business, properties, condition (financial or otherwise), operations or business prospects of the Corporation will be materially and adversely affected unless the Corporation takes or omits to take a specified action and that the

Corporation has been advised in writing by Bond Counsel that the specified action or omission would cause the use of the Series 1994 A Project to be such that, pursuant to Section 150 of the Code, the Corporation would not be entitled to deduct the interest on the Series 1994 A Bonds for purposes of determining the Corporation's Federal taxable income, for a period of not less than ninety (90) consecutive or nonconsecutive days during a twelve-month period. Such conclusion and certification shall be evidenced by delivery to the Trustee of a written certificate of an Authorized Corporation Representative to the effect that the Corporation has reached such conclusion, together with a certified copy of a resolution of the Board of Trustees of the Corporation authorizing such certificate and a copy of such advice of Bond Counsel. In the event that the Series 1994 A Bonds become subject to redemption as provided in this paragraph, the Series 1994 A Bonds will be redeemed in whole unless redemption of a portion of the Series 1994 A Bonds outstanding would, in the opinion of Bond Counsel, have the result that interest payable on the Series 1994 A Bonds remaining outstanding after such redemption would be deductible for purposes of determining the Federal taxable income of the Corporation, and, in such event, the Series 1994 A Bonds shall be redeemed (in the principal amount of $5,000 or any integral multiple thereof) from time to time at random in such manner as the Trustee shall determine, in such amount as is necessary to accomplish that result.

*The occurrence of an event requiring the redemption of the Series 1994 A Bonds as provided in either of the three immediately preceding paragraphs does not constitute an event of default under any Note or under the Indenture and the sole obligation in such event shall be for the Corporation to prepay the Note relating to the Series 1994 A Bonds in an amount sufficient to redeem the Series 1994 A Bonds to the extent specified in such paragraph.

*The State of New York may on or after December 1, 2014, upon furnishing sufficient funds therefor, require the Authority to redeem the Series 1994 A Bonds as provided in the Act and as more fully described in the Indenture.

*If less than all the Series 1994 A Bonds shall be called for redemption, the Series 1994 A Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem proper.

*Any such redemption, either as a whole or in part, shall be made upon at least thirty (30) days' and no more than sixty (60) days' prior notice in the manner and upon the terms and conditions provided in the Indenture. If this bond shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for, all as more fully set forth in the Indenture, interest on this bond shall cease to accrue from such date, and from and after such date this bond shall cease to be entitled to any lien, benefit or security under the Indenture, and the owner hereof shall have no rights except to receive payment of such redemption price and unpaid interest accrued to the date fixed for redemption.

*This bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's certificate of authentication hereon.

*No covenant or agreement contained in this bond or the Indenture shall be deemed to be a covenant or agreement of any member or employee of the Authority in his or her individual capacity, and neither the members of the Authority nor any officer thereof executing this bond shall be liable personally on this bond or be subject to any personal liability or accountability by reason of the issuance of this bond.

*To the extent permitted by and as provided in the Indenture, modifications or amendments of the Indenture or of any indenture supplemental thereto may be made (1) by agreement of the Authority and the Trustee in certain circumstances without the consent of Bondowners and (2) with the consent of (a) in case all of the several series of Bonds then outstanding are affected by such modification or amendment, the owners of not less than two-thirds in aggregate principal amount of the Bonds then outstanding or (b) in case less than all of the several series of Bonds then outstanding are so affected, the owners of not less than two-thirds in aggregate principal amount of the Bonds so affected then outstanding; provided, however, that if such modification or amendment will by its terms not take effect so long as any Bonds of any specified series remain outstanding, the consent of the owners of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of any calculations of outstanding Bonds under the Indenture; provided, further, that no such modification or amendment shall

be made which will reduce the percentages of the aggregate principal amount of Bonds, the consent of the owners of which is required for any such modification or amendment, or permit the creation by the Authority of any lien prior to, or, except to secure additional Bonds, on a parity with, the lien of the Indenture upon the Note payments and other funds pledged under the Indenture or which will affect the times, amounts and currency of payment of the principal of and premium, if any, and interest on said Bonds without the consent of the owners of all Bonds then outstanding and affected thereby. Any such consent by the owner of this bond shall be conclusive and binding upon such owner and all future owners of this bond and of any Bond issued on registration of transfer thereof or in exchange therefor irrespective of whether or not any notation of such consent is made upon this bond.

THE SERIES 1994 A BONDS ARE NOT A DEBT OF THE STATE OF NEW YORK, AND THE STATE OF NEW YORK SHALL NOT BE LIABLE THEREON. NO OWNER OF ANY SERIES 1994 A BOND WILL HAVE THE RIGHT TO DEMAND PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 1994 A BONDS OUT OF ANY FUNDS RAISED BY TAXATION.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed, precedent to and in the issuance of this bond, exist, have happened and have been performed, and that the issuance of this bond and the issue of which it forms a part are within every debt and other limit prescribed by the laws of the State of New York.

IN WITNESS WHEREOF, the Authority has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chair, Vice Chair, President or Treasurer and its seal or a facsimile thereof to be impressed, imprinted or otherwise reproduced hereon and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, as of the date set forth below.

NEW YORK STATE ENERGY RESEARCH
AND DEVELOPMENT AUTHORITY

Attest:

By_____
Chair

_____
Secretary

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

_____
the within bond and all rights thereunder,and hereby irrevocably constitutes and appoints

_____ attorney to transfer the within bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

_____
NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION ON ALL SERIES 1994 A BONDS)

This bond is one of the Facilities Revenue Bonds, Series 1994 A (Consolidated Edison Company of New York, Inc. Project) referred to in the within-mentioned Indenture.

[_____],
Marine Midland Bank,
as Trustee

By_____
Authorized Signatory

Dated:_____

The Authority may, in its discretion, cause the paragraphs preceded by the symbol "*" to be printed on the reverse of the Bonds, in which event the face of the Bonds shall state the following after the second paragraph of the Bonds:

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF

THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

WHEREAS, the Trustee has accepted the trusts created by this Third Supplemental Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH, that in consideration of the premises, of the acceptance by the Trustee of the trusts created by the Indenture, and of the purchase and acceptance of the Bonds by the owners thereof, and also for and in consideration of the sum of One Dollar ($1.00) to the Authority in hand paid by the Trustee at or before the execution and delivery of this Third Supplemental Indenture, the receipt of which is hereby acknowledged, and in order to secure the payment of all the Bonds at any time issued and outstanding under the Indenture and the interest and the redemption premiums, if any, thereon according to their tenor, purport and effect, and in order to secure the performance and observance of all the covenants, agreements and conditions therein or herein or in the Participation Agreement contained, the Authority has executed and delivered this Third Supplemental Indenture, has caused or will cause the Corporation to deliver to the Trustee the Series 1994 A Note (as hereinafter defined), and has assigned and pledged to the Trustee, for the benefit of such Bondowners, as security for the payment of the principal of and premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Indenture subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture and as security for the performance and observance of all the covenants, agreements and conditions contained therein or herein or in the Participation Agreement, (i) the rights and interest of the Authority under the Participation Agreement (except the rights and interest of the Authority under Sections 4.04, 4.08, 4.09 and 4.10 of the Basic Participation Agreement, as supplemented, subject to a reservation by the Authority of a right to enforce the obligations of the Corporation under Article III of the Basic Participation Agreement independently of the Trustee's enforcement thereof, to a reservation by the Authority of its rights under Section 4.07 of the Basic Participation Agreement,

and to the provisions of the Participation Agreement relating to the amendment thereof), (ii) the proceeds of sale of the Bonds, (iii) all funds held by the Trustee under the Indenture and available for the payment of Bonds, (iv) the income earned by the investment of such funds held under the Basic Indenture, and (v) by this Third Supplemental Indenture, the rights and interest of the Authority under the Series 1994 A Tax Regulatory Agreement (as defined herein), subject to a reservation by the Authority of a right to enforce the obligations of the Corporation thereunder independently of the Trustee's enforcement thereof and subject to the provisions of the Series 1994 A Tax Regulatory Agreement relating to the amendment thereof;

THIS THIRD SUPPLEMENTAL INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Series 1994 A Bonds from time to time issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interest, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of subject to the terms of the Indenture, and the Authority agrees with the Trustee and with the respective owners, from time to

time, of the Bonds or any part thereof as follows:

ARTICLE I

AUTHORIZATION; DEFINITIONS

SECTION 1.01. Supplemental Indenture. This Third Supplemental Indenture is supplemental to, and is entered into in accordance with Article XIII of the Basic Indenture.

SECTION 1.02. Definitions. Unless the context shall otherwise require and except as to terms otherwise defined herein, all terms which are defined in Section 1.01 of the Basic Indenture shall have the same meanings, respectively, in this Third Supplemental Indenture, including the recitals and granting clause, as such terms are given in said Section 1.01 of the Basic Indenture and, in addition, as used in this Third Supplemental Indenture, the following terms shall have the following respective meanings:

Corporate Trust Office shall mean the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office at the date hereof is located at Marine Midland Bank, 140 Broadway, New York, New York 10005-1180.

Series 1994 A Bonds shall mean $100,000,000 aggregate principal amount of the 7 1/8% Facilities Revenue Bonds, Series 1994 A (Consolidated Edison Company of New York, Inc. Project) of the Authority.

Series 1994 A Computation Period shall have the meaning ascribed to "Computation Period" in the Series 1994 A Tax Regulatory Agreement.

Series 1994 A Note shall mean the Corporation's Note relating to the Series 1994 A Bonds.

Series 1994 A Project shall mean the Series 1994 A Project Exempt Facilities and the Other Series 1994 A Project Facilities set forth in Exhibits A and B to the Third Supplemental Participation Agreement.

Series 1994 A Project Construction Account shall mean the account bearing such name in the Project Fund established pursuant to Section 3.01 of this Third Supplemental Indenture.

Series 1994 A Purchase Contract shall mean the Purchase Contract dated December 6, 1994, among the Authority, the Corporation and Lehman Brothers Inc., Goldman, Sachs & Co.,

and Merrill Lynch, Pierce, Fenner & Smith Incorporated (Merrill Lynch & Co.).

Series 1994 A Tax Regulatory Agreement shall mean the Tax Regulatory Agreement, dated the date of initial delivery of the Series 1994 A Bonds, between the Authority and the Corporation, as it may be amended and supplemented from time to time in accordance with its terms.

Third Supplemental Participation Agreement shall mean the Third Supplemental Participation Agreement dated as of December 1, 1994, between the Authority and the Corporation.

The definition of Corporate Trust Office contained in the Basic Indenture is hereby amended to conform to the definition of Corporate Trust Office which is set forth above.

ARTICLE II

DESCRIPTION AND AUTHORIZATION
OF SERIES 1994 A BONDS

SECTION 2.01. Creation and particulars of Series 1994 A Bonds; form of Series 1994 A Bonds. 1. There shall be issued under and secured by the Indenture an issue of Additional Bonds (the "Series 1994 A Bonds") to be designated "Facilities Revenue Bonds, Series 1994 A (Consolidated Edison Company of New York, Inc. Project)" in the aggregate principal amount of $100,000,000. Each Series 1994 A Bond shall be dated the June 1 or December 1, as the case may be, next preceding the date of its authentication to which interest has been paid or duly provided for (except that if any Series 1994 A Bond shall be authenticated on any June 1 or December 1 to which interest has been paid or duly provided for, it shall be dated as of such date, or if it shall be authenticated prior to June 1, 1995, it shall be dated December 1, 1994) and shall bear interest from such dates until the principal sum is paid, at a rate of seven and one-eighth per centum (7 1/8%) per annum payable semiannually on June 1 and December 1 of each year (commencing June 1, 1995) and shall mature (subject to the right of prior redemption at the prices and dates and upon the terms and conditions hereinafter set forth) on December 1, 2029.

2. The Series 1994 A Bonds shall be issuable in the form of registered bonds without coupons in the denomination of $5,000 or any integral multiple of $5,000 not exceeding the aggregate principal amount of such series of Bonds and shall be numbered from one (1) consecutively upwards (with the letters "AR" prefixed to the number) in order of issuance according to the records of the Trustee.

3. The Series 1994 A Bonds shall be substantially in the form set forth in the recitals to this Third Supplemental Indenture, with such appropriate variations, omissions and insertions as are permitted or required by this Third Supplemental Indenture and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

4. The principal of and premium, if any, on each Series 1994 A Bond shall be payable to the owner of such Bond upon presentation and surrender thereof when due at the Corporate Trust Office. The interest on each Series 1994 A Bond due on an interest payment date shall be payable to the Registered Owner

thereof as of the close of business on the Record Date (as hereinafter defined) as the same becomes due by check mailed to such Registered Owner thereof at his or her address last appearing on the Bond Register. All payments of principal of and premium, if any, and interest on the Series 1994 A Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. The fifteenth day, whether or not a business day, of the month next preceding each interest payment date is the Record Date (the "Record Date") for such interest

payment date.

5. In the manner and with the effect provided herein the Series 1994 A Bonds shall be subject to redemption prior to maturity, as follows:

(a) The Series 1994 A Bonds shall be subject to redemption at the option of the Authority, exercised at the direction of the Corporation, upon notice as provided in Article VIII of the Basic Indenture, on or after December 1, 2004, as a whole or in part at any time, upon payment in each case of the applicable redemption price (expressed as a percentage of the principal amount of such Series 1994 A Bonds to be redeemed) as set forth in the schedule below, together with unpaid interest accrued thereon to the date fixed for redemption:

Redemption Dates (Inclusive)	Redemption Price
December 1, 2004 through November 30, 2005	102%
December 1, 2005 through November 30, 2006	101%
December 1, 2006 and thereafter	100%

(b) The Series 1994 A Bonds shall be subject to mandatory redemption as a whole (provided, however, that the Series 1994 A Bonds shall be redeemed in part if the Corporation obtains an opinion of Bond Counsel to the effect that, by redeeming such portion of the Series 1994 A Bonds, the interest on the remaining Series 1994 A Bonds will not be included for Federal income tax purposes in the gross income of any owner of the Series 1994 A Bonds (other than an owner who is a "substantial user" of the Series 1994 A Project or a "related person" within the meaning of Section 147(a)(1) of the Code)) at any time at a redemption price of one hundred percent (100%) of the principal amount thereof, together with unpaid interest accrued thereon to the date fixed for redemption, if, in a published or private ruling of the Internal Revenue Service or in a final, nonappealable judicial decision by a court of competent jurisdiction (provided that the Corporation has been afforded the opportunity to participate at its own expense in the proceeding resulting in such ruling or in the litigation resulting in such decision, as the case may be),

it is determined that, as a result of a failure by the Corporation to observe any covenant, agreement or representation in the Participation Agreement or the Series 1994 A Tax Regulatory Agreement, interest on Series 1994 A Bonds is includible for Federal income tax purposes in the gross income (as defined in Section 61 of the Code), of any owner of a Series 1994 A Bond (other than a "substantial user" of the Series 1994 A Project or a "related person" within the meaning of Section 147(a)(1) of the Code), and, in such event, the Series 1994 A Bonds shall be subject to such mandatory redemption not more than one hundred eighty (180) days after receipt by the Trustee of notice of such published or private ruling or judicial decision and a demand for redemption of such Series 1994 A Bonds. The occurrence of an event requiring the redemption of the Series 1994 A Bonds under this paragraph does not constitute an event of default under any Note or under the Indenture and the sole obligation in such event shall be for the Corporation to prepay the Series 1994 A Note in an amount sufficient to redeem the Series 1994 A Bonds to the extent required by this paragraph.

(c) In whole at any time at the option of the Authority, exercised at the direction of the Corporation, upon notice as provided in Article VIII of the Basic Indenture, at a redemption price equal to the principal amount thereof, together with unpaid

interest accrued thereon to the date fixed for redemption, in any of the following events:

(i) All or substantially all of the Series 1994 A Project shall have been damaged or destroyed or title to, or the temporary use of, all or a substantial portion of the Series 1994 A Project shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority, as in each case renders the Series 1994 A Project unsatisfactory to the Corporation for its intended use;

(ii) Unreasonable burdens or excessive liabilities shall have been imposed upon the Authority or the Corporation with respect to all or substantially all of the Series 1994 A Project, including without limitation the imposition of federal, state or other ad valorem property, income or other taxes other than ad valorem taxes in effect on the date of original issuance of the Series 1994 A Bonds levied upon privately owned property used for the same general purpose as the Series 1994 A Project; or

(iii) Any court or regulatory or administrative body shall enter or adopt, or fail to enter or adopt, a judgment, order, approval, decree, rule or regulation, as a result of which the Corporation elects to cease operation of all or substantially all of the Series 1994 A Project.

(d) In whole on any interest payment date on or after December 1, 2014, at a redemption price to be determined in accordance with Section 8.05 of the Basic Indenture, together with unpaid interest accrued thereon to the date fixed for redemption, if the State of New York furnishes funds therefor as provided in Section 8.05 of the Basic Indenture.

(e) The Series 1994 A Bonds will also be subject to mandatory redemption in whole at a redemption price equal to the principal amount thereof plus unpaid interest accrued thereon to the redemption date if the Corporation reasonably concludes and certifies to the Trustee that the business, properties, condition (financial or otherwise), operations or business prospects of the Corporation will be materially and adversely affected unless the Corporation takes or omits to take a specified action and that the Corporation has been advised in writing by Bond Counsel that either (i) the specified action or omission would adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Series 1994 A Bonds afforded by Section 103 of the Code, or (ii) that the matter is subject to such doubt that such Bond Counsel is unable to advise the Corporation that the specified action or omission would not adversely affect such exclusion. The Series 1994 A Bonds will also be subject to mandatory redemption at a redemption price equal to one hundred three percent (103%) of the principal amount thereof plus unpaid interest accrued thereon to the redemption date if the Corporation reasonably concludes and certifies to the Trustee that the business, properties, condition (financial or otherwise), operations or business prospects of the Corporation will be materially and adversely affected unless the Corporation takes or omits to take a specified action and that the Corporation has been advised in writing by Bond Counsel that the specified action or omission would cause the use of the Series 1994 A Project to be such that, pursuant to Section 150 of the Code, the Corporation would not be entitled to deduct the interest on the Series 1994 A Bonds for purposes of determining the Corporation's Federal taxable income, for a period of not less than ninety (90) consecutive or nonconsecutive days during a

twelve-month period. In the event that the Series 1994 A Bonds become subject to redemption as provided in the preceding sentence, the Series 1994 A Bonds will be redeemed in whole

unless redemption of a portion of the Series 1994 A Bonds outstanding would, in the opinion of Bond Counsel, have the result that interest payable on the Series 1994 A Bonds remaining outstanding after such redemption would be deductible for purposes of determining the Federal taxable income of the Corporation, and, in such event, the Series 1994 A Bonds shall be redeemed (in the principal amount of $5,000 or any integral multiple thereof) from time to time at random in such manner as the Trustee shall determine pursuant to Section 8.02 of the Basic Indenture, in such amount as is necessary to accomplish that result. Any such conclusion and certification shall be evidenced by delivery to the Trustee of a written certificate of an Authorized Corporation Representative to the effect that the Corporation has reached such conclusion, together with a certified copy of a resolution of the Board of Trustees of the Corporation authorizing such certificate and a copy of such advice of Bond Counsel. The occurrence of an event requiring the redemption of the Series 1994 A Bonds under this paragraph does not constitute an event of default under any Note or under the Indenture and the sole obligation in such event shall be for the Corporation to prepay the Series 1994 A Note in an amount sufficient to redeem the Series 1994 A Bonds to the extent required by this paragraph.

6. If less than all the Series 1994 A Bonds are called for redemption, the particular Series 1994 A Bonds to be redeemed shall be selected at random by the Trustee as provided in Section 8.02 of the Basic Indenture.

SECTION 2.02. Purpose. The purpose for which the Series 1994 A Bonds are issued is to finance a portion of the Cost of Construction of the Series 1994 A Project.

SECTION 2.03. Issuance and Sale of the Series 1994 A Bonds. The Series 1994 A Bonds shall forthwith be executed by the Authority and delivered to the Trustee for authentication and thereupon the Series 1994 A Bonds shall be authenticated by the Trustee and shall be delivered to or upon the written order of an Authorized Officer of the Authority, but only upon the receipt by the Trustee of proceeds (including accrued interest, if any) of sale of the Series 1994 A Bonds, of which a sum equal to the accrued interest, if any, paid by the initial purchasers of such Series 1994 A Bonds shall be deposited in the Bond Fund and the balance shall be deposited in the Series 1994 A Bond Proceeds Sub-account of the Series 1994 A Project Construction Account of the Project Fund created pursuant to Section 3.01 hereof.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. Creation of Series 1994 A Project Construction Account of the Project Fund. There is hereby established within the Project Fund a separate account for the payment of the Cost of Construction of the Series 1994 A Project to be designated the "Series 1994 A Project Construction Account" and within such account there are hereby established three (3) separate sub-accounts to be designated as the "Series 1994 A Bond Proceeds Sub-account," the "Series 1994 A Investment Proceeds Sub-account" and the "Series 1994 A Rebate Sub-account."

All income or gain on monies deposited in the Series 1994 A Bond Proceeds Sub-account or the Series 1994 A Investment Proceeds Sub-account shall be deposited in the Series 1994 A Investment Proceeds Sub-account. All income or gain on monies deposited in the Series 1994 A Rebate Sub-account shall be deposited in the Series 1994 A Rebate Sub-account. Not later than fifteen (15) days after certification of the Rebate Amount for each Series 1994 A Computation Period to the Trustee by an Authorized Corporation Representative and not later than thirty (30) days after such Series 1994 A Computation Period, the Trustee shall withdraw from the Series 1994 A Investment Proceeds Sub-account and deposit in the Series 1994 A Rebate Sub-account an amount such that the amount held in the Series 1994 A Rebate Sub-account after such deposit as certified to the Trustee by an Authorized Corporation Representative is equal to the Rebate Amount as defined in the Series 1994 A Tax Regulatory Agreement calculated for the period commencing on the date of issuance of the Series 1994 A Bonds and ending on the last day of the most recent Series 1994 A Computation Period as certified to the Trustee by an Authorized Corporation Representative. In the event of any deficiency, the balance required shall be provided by the Corporation by directing the Trustee to transfer moneys from amounts available in the Series 1994 A Project Construction Account or from other moneys of the Corporation made available pursuant to the Series 1994 A Tax Regulatory Agreement. Computations of the amounts on deposit in each fund hereunder, descriptions of each investment held therein, computations of the Rebate Amount and directions as to the payment of the Rebate Amount to the United States shall be furnished to the Trustee by the Corporation in accordance with the Series 1994 A Tax Regulatory Agreement. The Trustee shall be entitled conclusively to rely upon the accuracy of any such computation, certification, directions or description so furnished.

SECTION 3.02. Application of Moneys in the Series 1994 A Rebate Sub-account. (1) The Series 1994 A Rebate Sub-account and the amounts deposited therein shall not be subject to a claim and charge in favor of the Trustee or any owners of Bonds and shall be applied solely in accordance with the provisions of this Section 3.02 and shall not be available for the payment of Bonds within the meaning of the Indenture. Amounts deposited in the Series 1994 A Rebate Sub-account shall be applied to pay amounts payable by the Authority to the United States of America pursuant to Section 148 of the Code in connection with the Series 1994 A Bonds in accordance with subsection 2 of this Section 3.02 except to the extent otherwise permitted by subsection 3 of this Section 3.02.

(2) The Trustee, upon receipt of written instructions from an Authorized Corporation Representative given in accordance with the Series 1994 A Tax Regulatory Agreement, shall pay to the United States of America out of amounts in the Series 1994 A Rebate Sub-account (a) not later than thirty (30) days after the end of each five-year period following the date of issuance of the Series 1994 A Bonds, an amount certified to the Trustee by an Authorized Corporation Representative as the amount such that, together with amounts previously paid, the total amount paid to the United States is equal to ninety percent (90%) of the Rebate Amount calculated for the period commencing on the date of issuance of the Series 1994 A Bonds and ending on the last day of the most recent Series 1994 A Computation Period, and (b) not later than sixty (60) days after the date on which all of the Series 1994 A Bonds have been paid or redeemed, the amount such that, together with amounts previously paid, the total amount paid to the United States of America is equal to one hundred

percent (100%) of the Rebate Amount for the period commencing on the date of issuance of the Series 1994 A Bonds and ending on the last day of the final Series 1994 A Computation Period as certified to the Trustee by an Authorized Corporation Representative. The Trustee shall be entitled conclusively to rely upon such written instructions and certifications as to the amounts to be so paid to the United States of America.

(3) In the event that on the first day of any Bond Year (as defined in the Series 1994 A Tax Regulatory Agreement) the amount on deposit in the Series 1994 A Rebate Sub-account exceeds the Rebate Amount for the period commencing on the date of issuance of the Series 1994 A Bonds and ending on the last day of the most recent Series 1994 A Computation Period, the Trustee, upon the receipt of written instructions from an Authorized Corporation Representative specifying the amount of such excess, shall withdraw such excess amount and deposit it in the Series 1994 A Investment Proceeds Sub-account of the Series 1994 A Project Construction Account of the Project Fund prior to the completion of the Series 1994 A Project, or, after the completion

date of the Series 1994 A Project, deposit it in the Bond Fund.

Unless the Corporation shall first deliver to the Trustee a certificate of an Authorized Corporation Representative to the effect that as of the Completion Date of the Series 1994 A Project ninety-five percent (95%) or more of the net proceeds (within the meaning of Section 142(a) of the Code) deposited in the Series 1994 A Project Construction Account of the Project Fund and constituting proceeds of the Series 1994 A Bonds have been used to provide facilities for the local furnishing of gas or other exempt facilities or facilities functionally related and subordinate to any of the foregoing, all within the meaning of Section 142 of the Code as in effect on the date of issue of the Series 1994 A Bonds, any amounts deposited in the Bond Fund pursuant to the preceding paragraph shall at the written direction of an Authorized Corporation Representative be applied to (i) the redemption of the Series 1994 A Bonds (other than a redemption at the demand of the State) pursuant to the provisions of the Indenture, or (ii) the purchase of the Series 1994 A Bonds and, pending any such application, shall be invested in securities pursuant to the instructions of an Authorized Corporation Representative, provided that such investment will not be in violation of the covenants made to the Authority by the Corporation in the Series 1994 A Tax Regulatory Agreement.

SECTION 3.03. No Individual Liability. No covenant or agreement contained in the Series 1994 A Bonds or in the Indenture shall be deemed to be the covenant or agreement of any member, agent, or employee of the Authority in his or her individual capacity, and neither the members of the Authority nor any official executing the Series 1994 A Bonds shall be liable personally on the Series 1994 A Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 3.04. Effective Date; Counterparts. This Third Supplemental Indenture shall become effective on delivery. This Third Supplemental Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3.05. Date for Identification Purposes Only. The date of this Third Supplemental Indenture shall be for identification purposes only and shall not be construed to imply that this Third Supplemental Indenture was executed as of any

date other than the respective dates of the acknowledgements of the parties hereto.

SECTION 3.06. Compliance with the Series 1994 A Tax Regulatory Agreement. Notwithstanding any provision of the Indenture to the contrary, no later than twenty (20) days after any partial redemption of the Series 1994 A Bonds, the Trustee shall reduce the aggregate amount of all investments held under the Indenture which are subject to the one hundred fifty percent (150%) limitation described in the Series 1994 A Tax Regulatory Agreement to the extent required by such limitation, all in accordance with a written direction received from an Authorized Corporation Representative. The Trustee shall be entitled conclusively to rely upon such written direction.

SECTION 3.07. Project Fund Requisitions. In addition to the certifications required by Section 5.03 of the Basic Indenture in connection with requisitions from the Project Fund, any requisition submitted in connection with moneys deposited in the Series 1994 A Project Construction Account shall include a certification of the Corporation to the effect that the moneys requisitioned by the Corporation will not be used in a manner which would be contrary to any material representation or warranty contained in the Series 1994 A Tax Regulatory Agreement.

SECTION 3.08. Recitals. The Trustee shall have no responsibility for the recitals contained in this Third Supplemental Indenture.

IN WITNESS WHEREOF, the Authority has caused this Third Supplemental Indenture to be executed by its Chair and its corporate seal to be hereunto affixed and attested by its Secretary, and the Trustee has caused this Third Supplemental Indenture to be executed by its Assistant Vice President and attested by its Assistant Vice President all as of the date first above written.

NEW YORK STATE ENERGY RESEARCH
AND DEVELOPMENT AUTHORITY

By_____
Chair

(SEAL)

Attest:

_____
Secretary

MARINE MIDLAND BANK,
as Trustee

By_____
Assistant Vice President

(SEAL)

Attest:

_____
Assistant Vice President

STATE OF NEW YORK)
: ss.:
COUNTY OF ALBANY)

On the _____ day of December, 1994, before me personally came Francis J. Murray, Jr., to me known, who being by me duly sworn, did depose and say that he is Chair of New York State Energy Research and Development Authority, the Authority described in and which executed the above instrument; that he knows the seal of said Authority; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the members of said Authority; and that he signed his name thereto by like authority.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF ALBANY)

On the _____ day of December, 1994, before me personally came Howard A. Jack, to me known, who being by me duly sworn, did depose and say that he is Secretary of New York State Energy Research and Development Authority, the Authority described in and which executed the above instrument; that he knows the seal of said Authority; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the members of said Authority; and that he signed his name thereto by like authority.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the _____ day of December, 1994 before me personally came _____ and _____, to me known, who being by me duly sworn, did depose and say that they are Assistant Vice Presidents, of Marine Midland Bank, the Trustee described in and which executed the above instrument; that they know the seal of said Trustee; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said Trustee; and that they signed their names thereto by like authority.

_____
Notary Public

Consolidated Edison Company of New York, Inc.

Con Edison Thrift Savings Plan for Management Employees and Tax Reduction Act Stock Ownership Plan

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As Amended and Restated Effective as of January 1, 1994,
Except as Otherwise Noted.

12/28/94

CON EDISON THRIFT SAVINGS PLAN
FOR MANAGEMENT EMPLOYEES
AND
TAX REDUCTION ACT STOCK OWNERSHIP PLAN

PURPOSE

The purpose of this Plan is to establish a convenient way for management employees of the Company to supplement their retirement income by saving on a regular and long-term basis and to provide additional financial security for emergencies, thereby offering these employees an additional incentive to continue their careers with the Company. This Plan is intended to satisfy the requirements of Sections 401(k) and 401(m) of the Code and to qualify under Section 401(a) of the Code, and the trust described in Article 5 of this Plan is intended to qualify under Section 501(a) of the Code, so as to provide Participants an option to defer a portion of their compensation on a pre-tax and/or after-tax basis and to invest and reinvest their savings under the Plan on a tax-deferred basis. It is intended that a Participant's Pre-Tax Contributions, as defined in this Plan, shall constitute payments by the Company as contributions to the Trust Fund on behalf of the Participant, within the meaning of Section 401(k) of the Code.

Effective as of July 1, 1988, the Company's Tax Reduction Act Stock Ownership Plan ("TRASOP") for management employees has been included within this plan document, and all TRASOP Accounts and all transactions with respect to TRASOP and TRASOP Accounts shall be governed by this plan document, but this Plan and the TRASOP shall be separate plans. All TRASOP matters relating to the period up to June 30, 1988 shall be governed by

TRASOP as amended to February 19, 1988. There shall be no transfers between TRASOP Accounts and other Plan Accounts and Subaccounts, and Plan Accounts and Subaccounts and TRASOP Accounts shall continue to be operated as separate entities, albeit within a single plan document and trust.

The Plan is amended and restated in its entirety, as amended through December 28, 1994, and this amendment and restatement is effective as of January 1, 1994, except as otherwise provided herein.

ARTICLE 1

Definitions

The following words and phrases have the following meanings unless a different meaning is plainly required by the context:

1.01 "Account" means the record maintained pursuant to Section 5.08 by the Trustee for each Participant relating to thrift savings contributions to the Plan.

1.02 "Act" means the Tax Reduction Act of 1975, as amended

from time to time.

1.03 "Actual Contribution Percentage," or "ACP," means, with respect to a specified group of Employees, the average of the ratios, calculated separately for each Employee in the group, of (a) the sum of the Employee's After-Tax Contributions and Company Contributions for that Plan Year (excluding any Company Contributions forfeited under the provisions of Sections 3.01 and 8.01), to (b) his Statutory Compensation for that entire Plan Year; provided that, upon direction of the Plan Administrator, Statutory Compensation for a Plan Year shall only be counted if received during the period an Employee is, or is eligible to

become, a Participant. The Actual Contribution Percentage for each group and the ratio determined for each Employee in the group shall be calculated to the nearest one one-hundredth of one percent.

1.04 "Actual Deferral Percentage," or "ADP," means, with respect to a specified group of Employees, the average of the ratios, calculated separately for each Employee in that group, of (a) the amount of Pre-Tax Contributions made pursuant to Section 3.01 for a Plan Year (including Pre-Tax Contributions returned to a Highly Compensated Employee under Section 3.01(c) and Pre-Tax Contributions returned to any Employee pursuant to Section 3.01(d)), to (b) the Employee's Statutory Compensation for that entire Plan Year, provided that, upon direction of the Plan Administrator, Statutory Compensation for a Plan Year shall only be counted if received during the period an Employee is, or is eligible to become, a Participant. The Actual Deferral Percentage for each group and the ratio determined for each Employee in the group shall be calculated to the nearest one one-hundredth of one percent. For purposes of determining the Actual Deferral Percentage for a Plan Year, Pre-Tax Contributions may be taken into account for a Plan Year only if they:

(a) relate to compensation that either would have been received by the Employee in the Plan Year but for the deferral election, or are attributable to services performed by the Employee in the Plan Year and would have been received by the Employee within 2 1/2 months after the close of the Plan Year but for the deferral election,

(b) are allocated to the Employee as of a date within that Plan Year and the allocation is not contingent on the participation or performance of service after such date, and

(c) are actually paid to the Trustee no later than 12 months after the end of the Plan Year to which the contributions relate.

1.05 "Adjustment Factor" means the cost of living adjustment factor prescribed by the Secretary of the Treasury under Section 415(d) of the Code for calendar years beginning on or after January 1, 1988, and applied to such items and in such manner as the Secretary shall provide.

1.06 "Affiliated Employer" means any company which is a member of a controlled group of corporations (as defined in Section 414(b) of the Code) which also includes as a member the Company; any trade or business under common control (as defined in Section 414(c) of the Code) with the Company; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes the Company; and any other entity required to be aggregated with the Company pursuant to regulations under Section 414(o) of the Code. Notwithstanding the foregoing, for purposes of Sections 1.34 and 8.05, the definitions in Sections 414(b) and (c) of the Code shall be modified by substituting the phrase "more than 50 percent" for the phrase "at least 80 percent" each place it appears in Section 1563(a)(1) of the Code.

1.07 "After-Tax Contribution" shall have the meaning set forth in Section 3.02.

1.08 "After-Tax Subaccount" shall have the meaning set forth in Section 5.08.

1.09 "Annual Dollar Limit" means for Plan Years beginning on or after January 1, 1989 and before January 1, 1994, $200,000 multiplied by the Adjustment Factor. Commencing with the 1994

Plan Year, the Annual Dollar Limit means $150,000, except that if

for any calendar year after 1994 the Cost-of-Living Adjustment as hereafter defined is equal to or greater than $10,000, then the Annual Dollar Limit (as previously adjusted under this Section) for any Plan Year beginning in any subsequent calendar year shall be increased by the amount of such Cost-of-Living Adjustment, rounded to the next lowest multiple of $10,000. The Cost-of-Living Adjustment shall equal the excess of (i) $150,000 increased by the adjustments made under Section 415(d) of the Code for the calendar years after 1994 except that the base period for purposes of Section 415(d)(1)(A) of the Code shall be the calendar quarter beginning October 1, 1993 over (ii) the Annual Dollar Limit in effect for the Plan Year beginning in the calendar year.

1.10 "Annuity Starting Date" means the first day of the first period for which an amount is paid following a Participant's Retirement or other termination of employment.

1.11 "Balanced Fund" shall have the meaning set forth in Section 5.12.

1.12 "Beneficiary" means the person or persons determined in accordance with the provisions of Section 11.03 to succeed to a Participant's benefits under the Plan in the event of death of such Participant prior to the entire distribution of such benefits.

1.13 "Board" means the Board of Trustees of the Company.

1.14 "Break in Service" means an event affecting forfeitures, which shall occur to the extent that a Participant's nonforfeitable rights in his Company Contributions Subaccount are determined under the cliff vesting provisions of Section 6.02, as of the Participant's Severance Date if he is not reemployed by the Company or an Affiliated Employer within one year after a

Severance Date. However, if an Employee is absent from work immediately following his or her active employment, irrespective of whether the Employee's employment is terminated, because of the Employee's pregnancy, the birth of the Employee's child, the placement of a child with the Employee in connection with the adoption of that child by the Employee or for purposes of caring for that child for a period beginning immediately following that birth or placement and that absence from work began on or after the first day of the Plan Year which began in 1985, a Break in Service shall occur to the extent that a Participant's nonforfeitable rights in his Company Contributions Subaccount are determined under the cliff vesting provisions of Section 6.02 only if the Participant does not return to work within two years of his Severance Date. A Break in Service shall not occur during an approved leave of absence or during a period of military service which is included in the Employee's Vesting Service

pursuant to Section 1.61.

1.15 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.16 "Company" means Consolidated Edison Company of New York, Inc. or any successor by merger, purchase or otherwise, with respect to its employees; or any other company participating in the Plan as provided in Section 11.09 with respect to its employees.

1.17 "Company Contribution" means any contributions to the Trust Fund by the Company pursuant to Section 3.03.

1.18 "Company Contribution Subaccount" shall have the meaning set forth in Section 5.08.

1.19 "Company Stock Fund" shall have the meaning set forth in Section 5.06.

1.20 "Compensation" means base salary paid to an Employee for services rendered to the Company, determined prior to any reduction for Pre-Tax Contributions pursuant to Section 3.01 or amounts contributed on the Employee's behalf on a salary reduction basis to a cafeteria plan under Section 125 of the Code and excluding bonuses, overtime pay, incentive compensation, deferred compensation and all other forms of special pay. However, for Plan Years beginning after 1988, Compensation shall not exceed the Annual Dollar Limit. The Annual Dollar Limit applies to the aggregate Compensation paid to a Highly Compensated Employee referred to in Section 8.04, his spouse and his lineal descendants who have not attained age 19 before the end of the Plan Year. If, as a result of the application of the family aggregation rule, the Annual Dollar Limit is exceeded, then the Limit shall be prorated among the affected individuals in proportion to each such individual's Compensation as determined under this Section 1.20 prior to the application of the Limit.

1.21 "Defined Benefit Plan" means a "defined benefit plan" as defined in Section 414(j) of the Code which is maintained by the Company or an Affiliated Employer for its employees.

1.22 "Defined Benefit Plan Fraction" means, for any Participant, for any calendar year, a fraction:

(a) The numerator of which is the Projected Annual Benefit of the Participant under all Defined Benefit Plans (determined as

of the close of the year); and

(b) The denominator of which is the lesser of:

(i) The product of 1.25 multiplied by $90,000 as adjusted by the Adjustment Factor; or

(ii) The product of 1.4 multiplied by the average of the Participant's aggregate renumeration as defined in Section 8.05 for his highest three consecutive years.

1.23 "Defined Contribution Plan" means a "defined contribution plan" as defined in Section 414(i) of the Code which is maintained by the Company or an Affiliated Employer for its employees.

1.24 "Defined Contribution Plan Fraction" means, for any Participant, for any calendar year, a fraction:

(a) The numerator of which is the sum of the Participant's Annual Additions for the year determined as of the end of such year; and

(b) The denominator of which is the sum of the lesser of the following amounts determined for such year and for each prior year of Service:

(i) The product of 1.25 multiplied by $30,000, as adjusted by the Adjustment Factor; or

(ii) The product of 1.4 multiplied by 25% of the Participant's aggregate renumeration as defined in Section 8.05 for the year.

1.25 "Disability" means total and permanent physical or mental disability, as evidenced by (a) receipt of a Social Security disability pension or (b) receipt of disability payments under the Company's long-term disability program.

1.26 "Earnings" means the amount of income to be returned with any excess deferrals, excess contributions or excess aggregate contributions under Section 3.01, 8.01, 8.02 or 8.03. Earnings on excess deferrals and excess contributions shall be determined by multiplying the income earned on the Pre-Tax Subaccount for the Plan Year by a fraction, the numerator of which is the excess deferrals or excess contributions, as the case may be, for the Plan Year and the denominator of which is the Pre-Tax Subaccount balance at the end of the Plan Year, disregarding any income or loss occurring during the Plan Year. Earnings on excess aggregate contributions shall be determined in a similar manner by substituting the sum of the Company Contributions Subaccount and After-Tax Subaccount for the Pre-Tax Subaccount, and the excess aggregate contributions for the excess deferrals and excess contributions in the preceding sentence.

1.27 "Employee" means a salaried employee of the Company who is on the management payroll and receives stated compensation other than a pension, severance pay, retainer, or fee under contract; however, the term "Employee" excludes any Leased Employee and any person who is included in a unit of employees covered by a collective bargaining agreement which does not provide for his participation in the Plan.

1.28 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

1.29 "Equity Index Fund" shall have the meaning set forth in Section 5.05.

1.30 "Fixed Income Fund" shall have the meaning set forth in Section 5.04.

1.31 "Highly Compensated Employee" means any employee of the Company or an Affiliated Employer (whether or not eligible

for participation in the Plan) who satisfies the criteria of paragraph (a), (b), (c) or (d):

(a) During the look-back year the employee:

(i) received Statutory Compensation in excess of $75,000 multiplied by the Adjustment Factor;

(ii) received Statutory Compensation in excess of $50,000 multiplied by the Adjustment Factor and was among the highest 20 percent of employees for that year when ranked by Statutory Compensation paid for that year excluding, for purposes of determining the number of such employees, such employees as the Company may determine on a consistent basis pursuant to Section 414(q)(8) of the Code; or

(iii) was at any time an officer of the Company or an Affiliated Employer and received Statutory Compensation greater than 50 percent of the dollar limitation on maximum benefits under Section 415(b)(1)(A) of the Code for such Plan Year. The number of officers is limited to 50 (or, if lesser, the greater of 3 employees or 10 percent of employees excluding those employees who may be excluded in determining the top-paid group). If no officer has Statutory Compensation in excess of 50 percent

of the dollar limitation on maximum benefits under Section 415(b)(1)(A) of the Code, the highest paid officer is treated as a Highly Compensated Employee.

(b) During the determination year, the employee satisfies the criteria under (i), (ii), or (iii) of (a) above and is one of the 100 highest paid employees of the Company or an Affiliated Employer.

(c) During the determination year or the look-back year the employee was at any time a five percent owner of the Company.

(d) For purposes of Section 8.04(a), a Highly Compensated Employee shall include a former employee who separated from service prior to the determination year and who was a five percent owner for either (i) the year he separated from service or (ii) any determination year ending on or after the employee's 55th birthday.

(e) Notwithstanding the foregoing, employees who are nonresident aliens and who receive no earned income from the Company or an Affiliated Employer which constitutes income from sources within the United States shall be disregarded for all

purposes of this Section.

(f) For purposes of this Section 1.31, the "determination year" means the Plan Year and "look-back year" means the 12 month period immediately preceding the determination year. However, to the extent permitted under regulations, the Plan Administrator may elect to determine the status of Highly Compensated Employees on a current calendar year basis.

(g) The provisions of the Section shall be further subject to such additional requirements as shall be described in Section 414(q) of the Code and its applicable regulations, which shall override any aspects of this Section inconsistent therewith.

1.32 "Hour of Service" means each hour for which the employee is paid or entitled to payment for the performance of duties for the Company or an Affiliated Employer.

1.33 "Investment Manager" means an investment manager as defined in Section 3(38)of ERISA, which is appointed by the Named Fiduciaries pursuant to Sections 5.04, 5.05, 5.11 or 5.12.

1.34 "Leased Employee" means any person performing services for the Company or an Affiliated Employer as a leased employee as defined in Section 414(n) of the Code. In the case of any person who is a Leased Employee before or after a period of service as an Employee, the entire period during which he has performed services as a Leased Employee shall be counted as service as an Employee for all purposes of the Plan, except that he shall not, by reason of that status, become a Participant of the Plan.

1.35 "Loan Reserve" shall have the meaning set forth in Section 9.08.

1.36 "Named Fiduciaries" means the persons designated as named fiduciaries of the Plan pursuant to Section 10.01.

1.37 "Nonparticipating Contribution" shall have the meaning set forth in Section 3.04.

1.38 "Participant" means any person who has a balance to his credit in the Trust Fund and/or shares beneficially owned under a TRASOP Account.

1.39 "Participating Contribution" shall have the meaning set forth in Section 3.04.

1.40 "Plan" means the Con Edison Thrift Savings Plan for Management Employees and, effective as of July 1, 1988, the TRASOP, as amended from time to time, as set forth herein.

1.41 "Plan Administrator" means the Plan Administrator appointed pursuant to Section 10.01 to administer the Plan.

1.42 "Plan Year" means the calendar year.

1.43 "Pre-Tax Contribution" shall have the meaning set forth in Section 3.01.

1.44 "Pre-Tax Subaccount" shall have the meaning set forth in Section 5.08.

1.45 "Projected Annual Benefit" means, for any Participant, for any calendar year, the annual benefit payable in the form of a straight life annuity to which the Participant would be entitled under a Defined Benefit Plan on the assumptions that he continues in the employment of the Company until the normal retirement age under the Defined Benefit Plan (or his current age, if later), that his compensation, as defined in such Defined Benefit Plan, continues at the same rate in effect for the year under consideration until such age, and that all other relevant factors used to determine benefits under the Defined Benefit Plan remain constant as of the year under consideration for all future years.

1.46 "Retirement" means a termination of service by a Participant either (a) by reason of disability, or (b) under circumstances in which he is entitled to receive a retirement pension under any Defined Benefit Plan, or (c) in the case of any Participant who is employed after age 60 and who is not entitled to receive a retirement pension under any Defined Benefit Plan,

on or after his sixty-fifth birthday.

1.47 "Rollover Subaccount" means the account credited with the Rollover Contributions made by a Participant and earnings on those contributions.

1.48 Rollover Contributions" means amounts contributed pursuant to Section 3.05.

1.49 "Severance Date" means the earlier of (a) the date an employee quits, retires, is discharged or dies, or (b) the first anniversary of the date on which an employee is first absent from service, with or without pay, for any reason such as vacation, sickness, disability, layoff or leave of absence.

1.50 "Statutory Compensation" means the wages, salaries, and other amounts paid in respect of an employee for services actually rendered to the Company or an Affiliated Employer, including by way of example, overtime and bonuses, but excluding deferred compensation, stock options and other distributions which receive special tax benefits under the Code. For purposes of determining Highly Compensated Employees under Section 1.31 and key employees under Article 12, Statutory Compensation shall include Pre-Tax Contributions and amounts contributed on a Participant's behalf on a salary reduction basis to a cafeteria plan under Section 125 of the Code. For all other purposes, each Plan Year the Plan Administrator may direct that Statutory Compensation shall include Pre-Tax Contributions and amounts contributed on a Participant's behalf on a salary reduction basis to a cafeteria plan under Section 125 of the Code. For Plan Years beginning on or after January 1, 1989, Statutory Compensation shall not exceed the Annual Dollar Limit, provided that such Limit shall not be applied in determining Highly Compensated Employees under Section 1.31. The Annual Dollar Limit applies to the aggregate Statutory Compensation paid to a Highly Compensated Employee referred to in Section 8.04(a), his

spouse and his lineal descendants who have not attained age 19 before the close of the Plan Year. If, as a result of the application of the family aggregation rule, the Annual Dollar Limit is exceeded, then the Limit shall be prorated among the affected individuals in proportion to each such individual's Statutory Compensation as determined under this Section 1.50 prior to the application of the Limit.

1.51 "Shares" means issued and outstanding shares of common stock of the Company and shall include fractional shares of such common stock.

1.52 "Treasury Bill Fund" shall have the meaning set forth in Section 5.11.

1.53 "Top-Heavy Plan" means any Defined Contribution Plan or Defined Benefit Plan under which more that 60% of the sum of (i) its aggregate account balances and (ii) the present value of its aggregate accrued benefits is allocated to key employees. For the purposes of this definition "present value" shall be determined on the basis of an interest rate of 5-1/2% and mortality as set forth in 1971 TPF&C Forecast Mortality.

1.54 "Top Heavy Group" means any "required aggregation group" (as defined in Section 12.03) or any "permissive aggregation group" (as defined in Section 12.03) in which more than 60% of the sum of (i) the aggregate account balances under all plans in the group and (ii) the aggregate present value of accrued benefits under all plans in the group is allocated to key employees. For the purpose of this definition, "present value" shall be determined on basis of an interest rate of 5-1/2% and mortality as set forth in 1971 TPF&C Forecast Mortality.

1.55 "TRASOP" means the Tax Reduction Act Stock Ownership Plan of the Company, as included within this plan document effective as of July 1, 1988.

1.56 "TRASOP Account" means an account maintained on behalf of an Employee by the Trustee under the TRASOP, in which is shown the number of Shares beneficially owned thereunder by the Employee, as determined under the provisions and requirements of the TRASOP.

1.57 "Trust Fund" means the trust fund described in Article 5.

1.58 "Trustee" means the trustee at any time appointed and acting as trustee of the Trust Fund.

1.59 "Units" shall have the meaning set forth in Section 5.06.

1.60 "Vested Portion" means the portion of the Account in which the Participant has a nonforfeitable interest as provided in Article 6 or, if applicable, Article 12.

1.61 "Vesting Service" means, with respect to any employee, his period of employment with the Company or any Affiliated Employer, whether or not as an Employee, beginning on the date he first completes an Hour of Service and ending on his Severance Date, provided that:

(a) if his employment terminates and he is reemployed within one year of the earlier of (i) his date of termination or (ii) the first day of an absence from service immediately preceding his date of termination, the period between his Severance Date and his date of reemployment shall be included in

his Vesting Service;

(b) if he is absent from the service of the Company or any Affiliated Employer because of service in the Armed Forces of the United States and he returns to service with the Company or an Affiliated Employer having applied to return while his

reemployment rights were protected by law, the absence shall be included in his Vesting Service;

(c) if he is on a leave of absence covered by the Family and Medical Leave Act of 1993, as it may be amended from time to time, the period of leave shall be included in his Vesting Service;

(d) if he is on leave of absence approved by the Company, under rules uniformly applicable to all Employees similarly situated, the Company may authorize the inclusion in his Vesting Service of any portion of that period of leave which is not included in his Vesting Service under (a), (b) or (c) above; and

(e) if his employment terminates and he is reemployed after he has incurred a Break in Service, his Vesting Service after reemployment shall be aggregated with his previous period or periods of Vesting Service if (i) he was vested in his Company Contribution Subaccount or (ii) the period from his Break in Service to his subsequent reemployment does not equal or exceed the greater of five years or his period of Vesting Service before his Break in Service.

1.62 "Weekly Plan"means the Con Edison Retirement Income Savings Plan for Weekly Employees as from time to time in effect.

1.63 The masculine pronoun wherever used includes the feminine pronoun.

ARTICLE 2

Eligibility and Participation

2.01 Eligibility. Any Employee shall be eligible for participation in the Plan, except that only an Employee who was a Participant in, and had an account under TRASOP on June 30, 1988,

shall be eligible to continue to participate in TRASOP and have a TRASOP Account under this Plan, because applicable laws do not permit additional tax credit contributions to TRASOP.

2.02 Participation. An Employee may become a Participant by completing such enrollment process as may be prescribed by the Plan Administrator and by electing to make monthly contributions to the Trust Fund in an amount equal to any percentage of his Compensation permitted by Sections 3.01 and/or 3.02. An Employee may also become a Participant by electing to contribute to the Trust Fund amounts allocated to the Employee by the Company under a cafeteria plan of the Company under Section 125 of the Code and otherwise available under such plan to be contributed under this Plan. A Participant's contributions shall be made by regular payroll deductions authorized from time to time by such Participant in such manner and on such conditions as may be prescribed by the Plan Administrator, including a form furnished by the Company under a cafeteria plan of the Company under Section 125 of the Code. An Employee may become a Participant beginning with any calendar month by making such election on or before the 15th day of the preceding calendar month.

2.03 Reemployment of Former Employees and Former Participants. Any person reemployed by the Company as an Employee, who was previously a Participant or who was previously eligible to become a Participant, shall become a Participant upon completing the enrollment process and making an election in accordance with Section 2.02.

2.04 Transferred Participants. A Participant who remains in the employ of the Company or an Affiliated Employer but ceases to be an Employee shall continue to be a Participant of the Plan but shall not be eligible to make After-Tax Contributions, Pre-

Tax Contributions or to have Company Contributions made on his behalf while his employment status is other than as an Employee.

2.05 Termination of Participation. A Participant's participation shall terminate on the date he is no longer employed by the Company or any Affiliated Employer unless the Participant is entitled to benefits under the Plan, in which

event his participation shall terminate when those benefits are distributed to him.

ARTICLE 3

Contributions

3.01 Pre-Tax Contributions.

(a) A Participant may elect in accordance with Section 2.02 to reduce his Compensation payable while a Participant by at least 1% and, effective January 1, 1994, not more than 18%, in multiples of 1% and have that amount contributed to the Plan by the Company as Pre-Tax Contributions. An amount contributed to the Plan pursuant to the election of a Participant under a cafeteria plan of the Company under Section 125 of the Code may be designated as a Pre-Tax Contribution by the Participant. Pre-Tax Contributions shall be further limited as provided below and in Sections 8.01, 8.04 and 8.05.

(b) In no event shall the Participant's Pre-Tax Contributions and similar contributions made on his behalf by the Company or an Affiliated Employer to all plans, contracts or arrangements subject to the provisions of Section 401(a)(30) of the Code in any calendar year exceed $7,000 multiplied by the Adjustment Factor. If a Participant's Pre-Tax Contributions in a calendar year reach that dollar limitation, his election of Pre-Tax Contributions for the remainder of the calendar year will be canceled and, if so elected by the Participant, then recharacterized as an election to make After-Tax Contributions

under Section 3.02 at the same rate as was previously in effect for his Pre-Tax Contributions. Each Participant affected by this paragraph (b) may elect to change or suspend the rate at which he makes After-Tax Contributions. As of the first pay period of the calendar year following such cancellation, the Participant's election of Pre-Tax Contributions shall again become effective at the rate in accordance with his most recent election.

(c) In the event that the sum of the Pre-Tax Contributions and similar contributions to any other qualified Defined Contribution Plan maintained by the Company or an Affiliated Employer exceeds the dollar limitation in Section 3.01(b) for any calendar year, the Participant shall be deemed to have elected a return of Pre-Tax Contributions in excess of such limit ("excess deferrals") from this Plan. The excess deferrals, together with Earnings, shall be returned to the Participant no later than the April 15 following the end of the calendar year in which the excess deferrals were made. The amount of excess deferrals to be returned for any calendar year shall be reduced by any Pre-Tax Contributions previously returned to the Participant under Section 8.01 for that calendar year. In the event any Pre-Tax Contributions returned under the this paragraph (c) were matched

by Company Contributions under Section 3.03, those Company Contributions, together with Earnings, shall be forfeited and used to reduce future Company contributions.

(d) If a Participant makes tax-deferred contributions under another qualified defined contribution plan maintained by an employer other than the Company or an Affiliated Employer for any calendar year and those contributions when added to his Pre-Tax Contributions exceed the dollar limitation under Section 3.01(b) for that calendar year, the Participant may allocate all or a portion of such excess deferrals to this Plan. In that event, such excess deferrals, together with Earnings, shall be returned to the Participant no later than the April 15 following the end

of the calendar year in which such excess deferrals were made. However, the Plan shall not be required to return excess deferrals unless the Participant notifies the Plan Administrator, in writing, by March 1 of that following calendar year of the amount of the excess deferrals allocated to this Plan. The amount of such excess deferrals to be returned for any calendar year shall be reduced by any Pre-Tax Contributions previously returned to the Participant under Section 8.01 for that calendar year. In the event any Pre-Tax Contributions returned under this paragraph (d) were matched by Company Contributions under Section 3.03, those Company Contributions, together with Earnings, shall be forfeited and used to reduce future Company contributions.

3.02 After-Tax Contributions. Any Participant may make After-Tax Contributions under this Section whether or not he has elected to have Pre-Tax Contributions made on his behalf pursuant to Section 3.01. The amount of After-Tax Contributions shall be at least 1% and, effective January 1, 1994, not more than 18% of his Compensation while a Participant, in multiples of 1%. An amount contributed to the Plan pursuant to the election of a Participant under a cafeteria plan of the Company under Section 125 of the Code may be designated as any After-Tax Contribution by the Participant. If the Participant has made an election under Section 3.01, the maximum percentage of Compensation which the Participant may elect to contribute under this Section shall be equal to the excess of 18% over the percentage elected by the Participant under Section 3.01.

3.03 Company Contributions. The Company shall contribute on behalf of each of its Participants who elects to make Pre-Tax Contributions or After-Tax Contributions an amount equal to 50% of the sum of the Pre-Tax Contributions and After-Tax Contributions made on behalf of or by the Participant to the Plan during each month, not to exceed 6% of the Participant's

Compensation for such month, in the following order of priority: (a) Pre-Tax Contributions, and then (b) After-Tax Contributions. In no event, however, shall the Company Contributions for a month pursuant to this Section exceed 3% of the Participant's Compensation for such month. The Company Contributions are made expressly conditional on the Plan satisfying the provisions of Sections 3.01, 8.01, 8.02 and 8.03. If any portion of the Pre-Tax Contribution or After-Tax Contribution to which the Company Contribution relates is returned to the Participant under Section 3.01, 8.01, 8.02 or 8.03, the corresponding Company Contribution shall be forfeited, and if any amount of the Company Contribution is deemed an excess aggregate contribution under Section 8.03, such amount shall be forfeited in accordance with the provisions of that Section. Company Contributions shall be paid to the Trustee each calendar month.

3.04 Participating and Nonparticipating Contributions. The portion of a Participant's Pre-Tax Contribution or After-Tax Contribution to which the Company Contribution relates shall be Participating Contributions, and the portion of a Participant's Pre-Tax Contribution or After-Tax Contribution in excess of the Participant's Participating Contributions shall be Nonparticipating Contributions.

3.05 Rollover Contributions and Trust to Trust Transfers.

(a) Subject to such terms and conditions as the Plan Administrator may determine to be appropriate, applied in a uniform and non-discriminatory manner to all Participants, and without regard to any limitations on contributions set forth in this Article 3, the Plan may receive from a Participant for credit to his Rollover Subaccount, in cash, any amount previously distributed (or deemed to have been distributed) to him from a qualified plan. The Plan may receive such amount either directly from the Participant or, effective at such time as the Plan

Administrator shall determine practicable, in the form of a direct rollover from an individual retirement account or from a qualified plan. Notwithstanding the foregoing, the Plan shall not accept any amount unless such amount is eligible to be rolled over in accordance with applicable law and the Participant provides evidence satisfactory to the Plan Administrator that such amount qualifies for rollover treatment. Unless received by the Plan in the form of a direct rollover, the Rollover Contribution must be paid to the Trustee on or before the 60th day after the day it was received by the Participant or be rolled over through the medium of an individual retirement account that contains no assets other than those representing employer contributions to a qualified plan, any earnings thereon and any earnings from employee contributions to that plan. At the time received by the Plan, the Participant shall, in such manner and on such conditions as may be prescribed by the Plan Administrator, elect to invest the Rollover Contribution in the investment funds then available under the Plan to the Participant. If the Participant fails to make an investment election, 100% of the Rollover Contribution shall be invested in the Fixed Income Fund.

(b) Rollovers and direct rollovers shall only be accepted from a Participant who is an Employee except that the Plan shall accept a rollover or direct rollover from a former Employee who is a Participant of an amount received from either a Defined Benefit Plan or the TRASOP.

(c) Subject to such terms and conditions as the Plan Administrator may determine to be appropriate, applied in a uniform and non-discriminatory manner to all Participants, and effective at such time as the Plan Administrator shall determine practicable, the Plan shall receive on behalf of a Participant a trust-to-trust transfer from the Weekly Plan of the Participant's benefits and liabilities under the Weekly Plan. Any Participant

whose benefits are the subject of a trust-to-trust transfer from the Weekly Plan to this Plan will be entitled to receive benefits, rights and features from the Plan that are no less than the benefits, rights and features he would be entitled to receive from the Weekly Plan immediately preceding the transfer. Following the transfer, the Participant's rights to the non-vested portion of any benefits transferred from the Weekly Plan shall vest in accordance with Section 6.02 of this Plan. To the extent feasible, such transfer shall be made on an in-kind basis. To the extent that such transfer is made in the form of cash, at the time received by the Plan the Participant shall, in such manner and on such terms as may be prescribed by the Plan Administrator, elect to invest the cash in the investment funds then available under the Plan except that the Participant may

elect to invest in the Company Stock Fund only cash derived from the sale of shares in the Company Stock Fund under the Weekly Plan.

3.06 Changes in Contributions. A Participant may increase or reduce his contributions within the limits prescribed by Sections 3.01 and 3.02, effective as of the first day of any calendar month, by making a new election on or before the 15th day of the preceding calendar month in such manner and on such conditions as may be prescribed by the Plan Administrator. A Participant may make changes in contribution levels four times within each Plan Year.

3.07 Suspension in Contributions. A Participant may at any time suspend his contributions as of the last day of any calendar month by making an election on or before the 15th day of such month in such manner and on such conditions as may be prescribed by the Plan Administrator. A Participant may resume making contributions, effective as of any calendar month, by making an election on or before the 15th day of the preceding calendar month in such manner and as such conditions as may be prescribed by the Plan Administrator. A suspension or resumption of

contributions is counted as one of four changes in contribution levels permitted within each Plan Year under the Plan.

3.08 Payment To Trust.

(a) Amounts contributed by Participants shall be paid by the Company to the Trustee promptly and credited by the Trustee to their Accounts in accordance with the certification of the Plan Administrator as to the names of the contributing Participants and the respective amounts contributed by each Participant as Participating Contributions, Nonparticipating Contributions, Pre-Tax Contributions and After-Tax Contributions.

(b) Each Company Contribution shall be paid by the Company promptly to the Trustee and shall be allocated among the Participants and credited to their respective Accounts in proportion to their Participating Contributions made during the calendar month for which the Company Contribution is being made.

3.09 No Contributions to TRASOP. No contributions to TRASOP by the Company or by Participants are permitted.

ARTICLE 4
Company Contributions

4.01 Company Contributions Election. A Participant may elect to have Company Contributions allocated to his Account invested in the Company Stock Fund described in Section 5.06, the Equity Index Fund described in Section 5.05, the Treasury Bill

Fund described in Section 5.11, the Balanced Fund described in Section 5.12, and the Fixed Income Fund described in Section 5.04. A Participant may elect, through February 28, 1994, to have Company Contributions invested in multiples of 25% and effective March 1, 1994 may elect to have Company Contributions invested in multiples of 1%. If the Participant fails to make an

election as to Company Contributions, 100% of such Contributions shall be invested in the Fixed Income Fund. Any such election shall be made in such manner and on such conditions as may be prescribed by the Plan Administrator.

4.02 Change of Election. A Participant may change his investment election regarding future Company Contributions not more than four times in any calendar year. Any such election shall be made in such manner and on such conditions as may be prescribed by the Plan Administrator and shall be effective as of the first day of the calendar month immediately following the calendar month in which the election change is made.

4.03 Certification to Trustee. The Plan Administrator shall certify to the Trustee the amount of Company Contributions that each Participant has most recently elected, pursuant to Section 4.01 or 4.02, to have invested for his Account in the Company Stock Fund, the Equity Index Fund, the Balanced Fund, the Treasury Bill Fund or the Fixed Income Fund.

4.04 Forfeitures. The total amount of the Trust Fund forfeited by Participants pursuant to Section 7.02 or otherwise, during any calendar month shall be applied to reduce future Company Contributions due under the Plan. The Trustee shall promptly advise the Company of any such forfeiture and the amount thereof.

ARTICLE 5
The Trust Fund; Investments

5.01 Trust Agreement. Contributions and TRASOP Accounts shall be held in a Trust Fund by the Trustee under a written trust agreement between the Company and the Trustee. No person shall have any rights to or interest in the Trust Fund except as provided in the Plan.

5.02 Investment of Trust Fund. Subject to Section 5.07, and except for that portion of the Trust Fund to be invested in the Company Stock Fund pursuant to Section 5.06 or in a Participant's Loan Reserve pursuant to Section 9.08 or in Shares pursuant to Section 13.02, the Trust Fund shall, subject to the election rules set forth in Section 5.03, be invested in the Fixed Income Fund described in Section 5.04 and, to the extent a Participant so elects, in the Equity Index Fund described in Section 5.05, the Treasury Bill Fund described in Section 5.11 or the Balanced Fund described in Section 5.12.

5.03 Rules for Investment Elections. Each Participant in the Plan may elect to invest the Participant's contributions and Account balance in accordance with the following rules:

(a) Investment Election for March 31, 1994. The fixed interest contracts that compose, as of January 1, 1994, the Fixed Income Fund described in Section 5.04 that mature on March 31, 1994 are herein called "Class Year Contracts". Amounts invested in the Fixed Income Fund earn a blended rate of return that is a composite rate based on all of the assets (other than the Class Year Contracts) in the Fixed Income Fund. Participants may select investments for the portion of their Account balance invested in the Class Year Contracts (the "Class Year Balance"), for the portion of their Account balance invested in the blended-rate portion of the Fixed Income Fund, for their balances in the Equity Index Fund, the Company Stock Fund, the Balanced Fund and for their future contributions after March 31, 1994.

(i) A Participant may elect to transfer all or a portion, in multiples of 1%, of his Class Year Balance to the Treasury Bill Fund, the Equity Index Fund or the Balanced Fund or the blended rate portion of the Fixed Income Fund. Failure by a

Participant to make an election for his Class Year Balance shall be deemed to be an election to invest 100% thereof in the Fixed Income Fund.

(ii) A Participant may elect to transfer all or a portion, in multiples of 1%, of his balance in the blended-rate

portion of the Fixed Income Fund to the Equity Index Fund or the Balanced Fund.

(iii) A Participant may elect to transfer all or a portion, in multiples of 1%, of his balance in the Equity Index Fund to the Fixed Income Fund or the Balanced Fund.

(iv) A Participant may elect to transfer all or a portion, in multiples of 1%, of his balance in the Company Stock Fund to the Equity Index Fund, the Balanced Fund, the Treasury Bill Fund or the Fixed Income Fund.

(v) The elections provided in the foregoing clauses (i), (ii), (iii) and (iv) above shall be made in such manner and on such conditions as may be prescribed by the Plan Administrator and shall not be counted as one of the changes permitted annually under the Plan. Any amounts transferred to the Treasury Bill Fund shall not thereafter be permitted to be transferred out of the Treasury Bill Fund to any other Fund.

(vi) Future transfers of Account balances shall be permitted only in accordance with subsection 5.03(c) below.

(b) Future Contributions. A Participant may elect, in such manner and on such conditions as may be prescribed by the Plan Administrator, to invest future contributions after February 28, 1994, in multiples of 1%, in the Fixed Income Fund, Equity Index

Fund, the Treasury Bill Fund and the Balanced Fund. A Participant may change his investment election regarding future contributions not more than four times in any Plan Year. Such change of election shall be made in such manner and on such conditions as may be prescribed by the Plan Administrator and shall become effective as of the first day of the calendar month immediately following the calendar month in which the election change is made. A Participant's elections shall remain in effect until changed or until contributions are ceased or suspended.

(c) Accumulated Balances. Effective as of April 1, 1994, Participants may elect to transfer Account balances, in multiples of 1%, once in any three-month period, as set forth below:

(i) From the Fixed Income Fund to the Equity Index Fund or the Balanced Fund;

(ii) From the Balanced Fund to the Equity Index Fund or the Fixed Income Fund;

(iii) From the Equity Index Fund to the Fixed

Income Fund or the Balanced Fund; and

(iv) From the Company Stock Fund to the Fixed Income Fund, the Equity Index Fund, the Balanced Fund or the Treasury Bill Fund.

Any such elections shall be made by a Participant in such manner and on such conditions as may be prescribed by the Plan Administrator. An election to make a transfer shall be effective as of the last day of the calendar month in which the election is made. A Participant shall not be permitted to make any transfer of all or any portion of his Account balance in the Treasury Bill

Fund to the Fixed Income Fund, the Equity Index Fund, the Balanced Fund or the Company Stock Fund.

5.04 Fixed Income Fund. The Named Fiduciaries shall have the power to appoint an Investment Manager to manage (including the power to acquire and dispose of) the assets in the Fixed Income Fund. The Fixed Income Fund shall include one or more agreements with one or more insurance companies or other financial institutions as may be directed in writing from time to time by the Investment Manager, or, if there is no Investment Manager appointed, by the Named Fiduciaries in their discretion. Notwithstanding anything in this Article to the contrary, any contributions invested in the Fixed Income Fund shall be subject to any and all terms and conditions of such agreements, including any limitations placed on the exercise of any rights otherwise granted to a Participant under any other provisions of the Plan with respect to such contributions. The Investment Manager or the Named Fiduciaries, as the case may be, shall direct the Trustee in writing as to any elections or other actions to be taken by the Trustee with respect to any such agreement. If at any time the Investment Manager or the Named Fiduciaries, as the case may be, shall determine, in its or their discretion, that it is not feasible to secure such an agreement or agreements on desirable terms which will permit investment of the entire amount to be invested pursuant to this Section 5.04, then the Investment Manager or the Named Fiduciaries, as the case may be, shall so inform the Trustee in writing. In such event, such part of the amount to be invested pursuant to this Section 5.04 as cannot be invested in such an agreement or agreements shall, until such time as such agreement or agreements are secured, be invested in obligations of the United States Government or agencies thereof, or obligations guaranteed as to the payment of principal and interest by the United States government or agencies thereof, or

deposits in fully insured savings accounts or in any common, collective or commingled trust fund maintained by the Trustee that is qualified under Section 401(a) of the Code and exempt under Section 501(a) of the Code, or any combination thereof, as the Trustee in its discretion shall determine. Prompt written notice of any such determination by the investment manager or the Named Fiduciaries, as the case may be, shall be given to all Participants.

5.05 Equity Index Fund. The Equity Index Fund shall include one or more portfolios of equity securities constructed and maintained with the objective of providing investment results which approximate the overall performance of the portfolio comprising the Standard & Poor's 500 Composite Stock Index, selected by the Named Fiduciaries in their discretion, or by an Investment Manager (which may be the bank acting as Trustee) selected by the Named Fiduciaries in their discretion, although temporary investments in money market funds or instruments or accounts shall be permitted. If at any time the Investment Manager or the Named Fiduciaries, as the case may be, shall determine, in their discretion, that it is not feasible to secure such portfolios on desirable terms which will permit investment of the entire amount to be invested pursuant to this Section 5.05, then the Investment Manager or Named Fiduciaries shall so inform the Trustee in writing. In such event, such part of the amount to be invested pursuant to this Section 5.05 as cannot be invested in such a portfolio shall be invested in obligations of the United States Government or agencies thereof, or obligations guaranteed as to the payment of principal and interest by the United States Government or agencies thereof, or deposits in fully insured savings accounts or in any common, collective or commingled trust fund maintained by the Trustee that is qualified under Section 401(a) of the Code and exempt under Section 501(a)

of the Code, or any combination thereof, as the Trustee in its discretion shall determine. Prompt written notice of any such determination by the Investment Manager or Named Fiduciaries shall be given to all Participants.

5.06 Company Stock Fund.

(a) Investments in Fund. There shall be established within the Trust Fund a separate Company Stock Fund, as described in this Section, for the investment of those portions of the Company Contributions specified by Participants pursuant to Section 4.01 and 4.02. All Company Contributions so specified shall be invested solely in Shares, except that a portion of the Company Stock Fund may be maintained temporarily in cash, or may be invested temporarily in investments permitted by Section 5.07. The Trustee shall regularly purchase Shares for the Company Stock Fund in accordance with a nondiscretionary purchasing program. Such purchases may be made on any securities exchange where Shares are traded, in the over-the-counter market, or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as the Trustee may determine to be in the best interests of the Participants. Dividends, interest and other income received on assets held in the Company Stock Fund shall be reinvested in the Company Stock Fund. All funds to be invested in the Company Stock Fund shall be invested by the Trustee in one or more transactions promptly after receipt by the Trustee, subject to any applicable requirement of law affecting the timing or manner of such transactions. All brokerage commissions and other expenses incurred by the Trustee in the purchase or sale of Shares under the Plan will be paid by the Company.

(b) Units. The interests of Participants in the Company Stock Fund shall be measured in Units, the number and value of which shall be determined, in the manner set forth in this

subsection, as of the last day of each calendar month and at such other times as the Plan Administrator shall direct. As of the first valuation date after January 1, 1985, the market value of all assets held in the Company Stock Fund (including any uninvested cash, accrued dividends, interest and other assets), reduced by the amount of any liabilities chargeable to the Company Stock Fund, shall be determined by the Trustee. As of such first valuation date, each Unit shall be assigned a value of $1 and the total number of Units shall be determined by dividing the market value determined in accordance with the preceding sentence by $1. The resulting total number of Units shall be allocated among the Accounts of the Participants in proportion to the respective amounts of Company Contributions received by the Trustee since January 1, 1985 for the Account of each Participant

for investment in the Company Stock Fund. As of each valuation date thereafter, the market value of all assets held in the Company Stock Fund (including any uninvested cash, accrued dividends, interest and other assets), reduced by the amount of any liabilities chargeable to the Company Stock Fund, and reduced by any Company Contributions received for investment in the Company Stock Fund since the last previous date, shall be determined by the Trustee. The market value determined in accordance with the preceding sentence shall be divided by the total number of Units determined as of the last previous valuation date. The resulting quotient shall be the value of a Unit as of the current valuation date, and Units shall be allocated, at such value, to and from the Accounts of Participants for all transactions by them or on their behalf since the last preceding valuation date. Fractional units shall be calculated to at least three decimal places. If part or all of a Participant's interest in the Company Stock Fund shall be transferred from the Company Stock Fund pursuant to subsection 5.03(c)(iv), distributed pursuant to Sections 7.01, 7.02, 7.03, 7.05, or 7.06, withdrawn pursuant to Section 7.04, or forfeited

pursuant to Section 7.02, the number of Units representing the interests or parts thereof transferred, distributed, withdrawn or forfeited as of the applicable valuation date shall be cancelled for purposes of any subsequent determination of the number and value of Units in the Company Stock Fund. The Trustee's determination of market values pursuant to this subsection and Section 5.08 shall be conclusive.

(c) Voting of Shares. Each Participant shall be entitled to direct the Trustee as to the manner in which any Shares or fractional Share represented by Units allocated to the Participant's Account are to be voted. Any such Shares or fractional Share for which the Participant does not give voting directions shall be voted by the Trustee in the same manner and proportions as all other Shares held by the Trustee for which voting directions are given by Participants. The Trustee shall keep confidential a Participant's voting instructions and information regarding a Participant's purchases, holdings and sales of Shares. The Plan Administrator shall be responsible for monitoring the Trustee's performance of its confidentiality obligations.

5.07 Temporary Investments. Any funds which are to be invested by the Trustee pursuant to Section 5.04, 5.05, 5.06, 5.11, 5.12 or 13.02 may be invested by the Trustee, either temporarily or during any period when it is not possible to invest such funds in the manner provided in such Sections, in marketable United States obligations, or, in the discretion of the Trustee, in any common, collective or commingled trust fund

maintained by the Trustee that is qualified under Section 401(a) of the Code and is exempt under Section 501(a) of the Code. Any income or gains resulting from such investment shall ultimately be invested in the same manner as the funds producing such income or gains.

5.08 Accounts and Subaccounts. The Trustee shall maintain in any equitable manner, which shall to the extent necessary include a monthly revaluation at current market values, as determined by the Trustee, a separate TRASOP Account for each Participant eligible therefor and a separate Account for each Participant, and within each such Account a Pre-Tax Subaccount, an After-Tax Subaccount, a Rollover Subaccount and a Company Contribution Subaccount, in which the Trustee shall keep a separate record of the respective shares of such Participant in the Trust Fund, including the Company Stock Fund, the Fixed Income Fund, the Equity Index Fund, the Balanced Fund, the Treasury Bill Fund, and the Loan Reserve, attributable to amounts credited to his Pre-Tax Subaccount, his After-Tax Subaccount, his Rollover Subaccount and his Company Contribution Subaccount. A Participant's Pre-Tax Contributions shall be credited to his Pre-Tax Subaccount. A Participant's After-Tax Contributions shall be credited to his After-Tax Subaccount. A Participant's Rollover Contributions shall be credited to his Rollover Subaccount. A Participant's share of Company Contributions made on or after January 1, 1985 shall be credited to his Company Contribution Subaccount.

5.09 Pre-January 1, 1985 Contributions. Any contributions to the Trust Fund made by a Participant prior to January 1, 1985 shall, as of January 1, 1985, be credited to his After-Tax Subaccount. Any contributions to the Trust Fund made by the Company and allocated to a Participant's Account prior to January 1, 1985 shall be credited to the Participant's Company Contribution Subaccount.

5.10 Statements of Account. As soon as practicable after June 30, and December 31, of each year the Trustee shall cause to be sent to each Participant a written statement showing, as of such date, the respective amounts of the Trust Fund, including the Company Stock Fund, Fixed Income Fund, Equity Index Fund, Treasury Bill Fund, Balanced Fund and Loan Reserve, attributable to the Participant's Pre-Tax Subaccount, his After-Tax Subaccount, his Rollover Subaccount and his Company Contribution Subaccount and the Participant's balance in his TRASOP Account, if any. With respect to the Participant's After-Tax Subaccount, the statement shall show separately the amount of the Participant's own contributions (less any withdrawals) credited to his After-Tax Subaccount. The Plan Administrator may direct the Trustee from time to time to issue comparable statements to Participants as of other dates during the calendar year.

5.11 Treasury Bill Fund. Effective March 31, 1991 a new investment option shall become available under the Plan. The new investment option shall be known as the Treasury Bill Fund, shall consist of short-term United States Treasury Bills, and shall be managed by an investment manager (which may be the Trustee) selected by the Named Fiduciaries in their discretion. This Fund may also be invested in short-term fixed obligations of the United States Government or agencies thereof, or other obligations guaranteed as to the payment of principal and interest by the United States Government or agencies thereof, or deposits in fully insured savings accounts, or in any common, collective or commingled trust fund maintained by the Trustee that is qualified under Section 401(a) of the Code and exempt under Section 501(a) of the Code, or any combination thereof, as

the investment manager in its discretion may determine.

5.12 Balanced Fund. Effective March 31, 1992 a new investmen]option shall become available under the Plan. The new investment option shall be the Strategic Asset Allocation fund, sponsored and managed by Bankers Trust Company. The new fund, to

be known as the Balanced Fund, consists of three components: (i) a common stock index fund that invests in common stock included in the S&P 500 Composite Stock Index and has the objective of providing investment results that replicate the overall performance of the S&P 500 Composite Stock Index; (ii) a broad market fixed income index fund that invests primarily in fixed income securities of the U.S. Government or any agency thereof, publicly-issued fixed rate investment-grade domestic debt and government agency and corporate mortgage backed securities and has the objective of providing investment results that replicate the overall performance of the Salomon Brothers Broad Investment Grade Index; and (iii) a money market fund that invests in debt obligations having maturities of six months or less including securities of the U.S. Government or agencies thereof; collateralized repurchase agreements; asset-backed securities; open-ended demand master notes; commercial paper; loan participation; and issues offered by US, Canadian, European and Japanese banking institutions; provided that the issuer's senior debt is rated A or higher by either Moody's or S&P and if its commercial paper is rated either P1 or higher by Moody's or A1 or higher by S&P; if neither Moody's nor S&P rates an issuer's securities, the fund will acquire such securities only if Bankers Trust Company determines their quality to be equivalent to the quality of issuers that satisfy such rating standards. Each of the component funds of the Balanced Fund is maintained within the common, commingled or collective trust fund known as the General Employee Benefit Trust established by Bankers Trust Company which

acts as trustee of such General Trust. Bankers Trust Company will determine amounts to be allocated to each component fund. Over the long term, the common stock index portion is expected to average about 55 percent of the Balanced Fund, but would not exceed 70 percent, the fixed income index portion is expected to average about 35 percent and the money market portion about 10 percent.

5.13 Responsibility for Investments. Each Participant is solely responsible for the selection of his investment options. The Trustee, the Named Fiduciaries, the Plan Administrator, the Company and the trustees, officers and other employees of the Company are not empowered to advise a Participant as to the manner in which his Account shall be invested. The fact that an investment fund is available to Participants for investment under the Plan shall not be construed as a recommendation for a particular Participant to invest in that investment fund.

ARTICLE 6

Vesting

6.01 Participant Contributions. The amount to the credit of a Participant's Account which is attributable to his Pre-Tax Contributions, After-Tax Contributions and Rollover Contributions to the Trust Fund made by the Participant shall be 100% vested at all times.

6.02 Company Contributions. The amount to the credit of a Participant's Account which is attributable to Company Contributions, including contributions to the Trust Fund made by the Company prior to January 1, 1985, shall become 100% vested, subject to Article 8, on the later of (i) January 1, 1985, and (ii) the first day of the calendar month in which the Participant completes three years of Vesting Service; provided, however, that

all amounts to the credit of a Participant's Account which are attributable to Company Contributions, shall become 100% vested upon the Participant's attainment of age 65, his Disability, termination of his service by reason of Retirement or death or by the Company for reasons other than cause. Except to the extent that they shall have become vested, amounts to the credit of a Participant's Account which are attributable to Company Contributions are subject to forfeiture as provided in Section 7.02.

6.03 TRASOP Account. A Participant's balance in his TRASOP Account, if any, shall always be 100% vested.

ARTICLE 7

Distributions, Withdrawals and Forfeitures

7.01 Retirement. If a Participant's service is terminated by reason of Retirement, the entire amount to the credit of his Account (including any amount due under any outstanding loan pursuant to Article 9) shall be distributed to him in accordance with Section 7.09.

7.02 Voluntary Termination or Termination by the Company; Forfeitures.

(a) If a Participant's service is terminated by the Company for cause or if the Participant voluntarily terminates his service otherwise than by reason of Retirement, the non-vested portion of the Participant's Company Contributions Subaccount shall not be forfeited until the Participant incurs a period of Break in Service of five years or receives a distribution of the Vested Portion of his Account, if earlier. The Vested Portion to the credit of such Participant's Account (including any amount due under any outstanding loan pursuant to Article 9) shall be

distributed to such Participant in accordance with Section 7.09. Termination of service for cause shall be determined by the Plan Administrator under rules uniformly applied to all Participants. If the Participant is not reemployed by the Company or an Affiliated Employer before he incurs a period of Break in Service of five years or receives a distribution, the non-vested portion of his Company Contribution Subaccount shall be forfeited.

(b) If an amount to the credit of a Participant's Company Contributions Subaccount has been forfeited in accordance with paragraph (a) above, such amount shall subsequently be restored to his Company Contribution Subaccount by the Company provided (i) he is reemployed by the Company or an Affiliated Employer prior to incurring a period of Break in Service of five years and (ii) either he has elected or is deemed to have elected a deferred distribution in accordance with Section 7.09 or during his reemployment and within five years after his reemployment date he makes a lump sum payment to the Trust Fund in cash in an amount equal to that portion of the distribution received which represents the Participant's Participating Contributions relating directly to Company Contributions which were forfeited at the time of distribution. The forfeited amount so restored shall vest in accordance with Section 6.02 as a Company Contribution and shall be credited to the Participant's Company Contribution Subaccount. The lump sum payment by the Participant shall immediately be 100% vested and shall be credited to the Participant's Account.

(c) If any amounts to be restored by the Company to a Participant's Company Contributions Subaccount have been forfeited under paragraph (a) above, those amounts shall be taken first from any forfeitures which have not as yet been applied against Company contributions and if any amounts remain to be restored, the Company shall make a special Company contribution equal to those amounts.

(d) A Participant may elect, in such manner and on such terms as may be prescribed by the Plan Administrator, to invest a repayment in the investment funds available under the Plan to the Participant at the time of the repayment.

7.03 Death. Upon the death of a Participant the entire amount to the credit of his Account (including any amount due under any outstanding loan pursuant to Article 9) shall be distributed to his Beneficiary in accordance with Section 11.03 as soon as practicable (but in any event within 90 days) after the calendar month in which his death occurs.

7.04 Withdrawals. Effective March 1, 1994, a Participant may request cash withdrawals from his Account by making a withdrawal application in such manner and on such conditions as may be prescribed by the Plan Administrator. Withdrawal applications shall be effective as of the last day of the calendar month during which the application is made. Payment of the amount withdrawn shall be made as soon as practicable after such application is effective. Withdrawals shall be permitted not more than four times in any calendar year and only in accordance with the following terms:

(a) No withdrawals from the Company Stock Fund shall be permitted except following a transfer pursuant to Section 5.03(c)(iv); provided, however, that effective at such time as the Plan Administrator shall determine practicable, withdrawals shall be permitted directly from the Company Stock Fund. Withdrawals will be made on a first-in-first-out basis within each category below and pro rata from the Participant's balances available for withdrawal.

(b) A Participant may at any time withdraw an amount up to the entire amount to the credit of his After-Tax and Company Contribution Subaccounts, except that a Participant may not withdraw an amount attributable to a Company Contribution until December 31 of the second calendar year beginning after the calendar month for which the Company Contribution was made. A

Participant shall not be permitted to make any such withdrawal amounting to less than $300 unless the maximum amount available under this paragraph (b) is less than $300 in which case the Participant shall only be permitted to withdraw such maximum amount. Withdrawals shall be made in the following order from a Participant's Account:

1. If the Participant requests a nontaxable withdrawal:

(i) Nonparticipating After-Tax Contributions made before January 1, 1987, excluding any earnings thereon, and

(ii) Participating After-Tax Contributions made before January 1, 1987, excluding any earnings thereon.

2. If the Participant requests a taxable withdrawal, without incurring a suspension as provided in (f) below:

(i) Nonparticipating After-Tax Contributions made before January 1, 1987, excluding any earnings thereon;

(ii) Participating After-Tax Contributions made before January 1, 1987, excluding earnings thereon;

(iii) Nonparticipating After-Tax Contributions made on or after January 1, 1987, including any earnings thereon;

(iv) Participating After-Tax Contributions made on or after January 1, 1987 that have been in the Account two full calendar years after the year contributed, including any earnings thereon;

(v) Any earnings attributable to Nonparticipating After-Tax Contributions made before January 1, 1987;

(vi) Any earnings attributable to Participating After-Tax Contributions made before January 1, 1987; and

(vii) Company Contributions in the Account for two full calendar years after the contribution year, including any earnings thereon.

3. If the Participant requests a taxable withdrawal resulting in a suspension as provided in (f) below:

(i) Nonparticipating After-Tax Contributions made before January 1, 1987, excluding any earnings thereon;

(ii) Participating After-Tax Contributions made before January 1, 1987, excluding any earnings thereon;

(iii) Nonparticipating After-Tax Contributions made on or after January 1, 1987, including any earnings thereon;

(iv) Participating After-Tax Contributions made on or after January 1, 1987, including any earnings thereon;

(v) Any earnings attributable to Nonparticipating After-Tax Contributions made before January 1, 1987;

(vi) Any earnings attributable to Participating After-Tax Contributions made before January 1, 1987; and

(vii) Company Contributions in the Account for two full calendar years after the contribution year, including any earnings thereon.

(c) A Participant who has withdrawn at least the entire amount available under (b) above without incurring a suspension may at any time withdraw an amount up to the entire amount to the credit of his Rollover Subaccount.

(d) A Participant who has attained the age of 59 years and six months and who has withdrawn at least the entire amounts available for withdrawal under paragraphs (b) and (c) above

without incurring a suspension, may withdraw an amount up to the entire amount to the credit of his Pre-Tax Subaccount in the following order:

1. If the Participant requests a withdrawal, without resulting in a suspension under (f) below:

(i) Nonparticipating Pre-Tax Contributions, including any earnings thereon, and

(ii) Participating Pre-Tax Contributions that have been in the Account for two full calendar years after the year contributed, including any earnings thereon.

2. If the Participant requests a withdrawal resulting in a suspension under (f) below:

(i) Participating After-Tax Contributions, made on or after January 1, 1987 that have been in the Account for less than two full calendar years after the contribution year, including any earnings thereon;

(ii) Nonparticipating Pre-Tax Contributions, including any earnings thereon; and

(iii)Participating Pre-Tax Contributions including any earnings thereon. A Participant shall not be permitted to make any such withdrawal amounting to less than $300 unless the maximum amount available under this Section 7.04 is less than $300 in which case the Participant shall only be permitted to withdraw such maximum amount.

(e) Notwithstanding the preceding paragraphs (b), (c) and (d), a Participant may not withdraw any amount that would cause the balance of his Account to be less than the minimum amount required under Section 9.09.

(f) In the event a Participant withdraws any amounts which represent After-Tax Participating Contributions made at any time

during the two full calendar years preceding the calendar year in which the withdrawal is made, the Participant's right to make any contributions to the Plan shall be suspended for the six full calendar months as soon as practicable following the effective date of the withdrawal application. To resume contributions following such suspension, the Participant must elect, in such manner and on such conditions as may be prescribed by the Plan Administrator, to resume making contributions. The election must be made on or before the 15th day of the calendar month preceding the calendar month in which such contributions are to resume.

7.05 Hardship Withdrawals. Effective January 1, 1989, a Participant may, in the event of hardship, withdraw all or any part of the amount of Pre-Tax Contributions to the credit of the Account of the Participant (excluding any earnings after December 31, 1988 attributable to Pre-Tax Contributions) in excess of any minimum Account balance required under Section 9.09. Effective March 1, 1994, a Participant may apply for a hardship withdrawal in such manner and on such conditions as may be prescribed by the Plan Administrator. For purposes of the Plan a Participant shall be deemed to have a hardship if the Participant has an immediate and heavy financial need and if the withdrawal is necessary to satisfy such financial need as set forth below. The Plan Administrator or his delegate shall determine whether the Participant satisfies the requirements for a hardship and the amount of any hardship withdrawal. Any withdrawal under this Section shall be made pro-rata from the Participant's balances in the investment funds from which withdrawal may be made as provided in Section 7.04. A withdrawal pursuant to this Section 7.05 shall not be subject to the limitations on number of withdrawals permitted under Section 7.04.

(a) Immediate and Heavy Financial Need - A Participant will be deemed to have an immediate and heavy financial need if the

withdrawal is to made on account of any of the following:

(1) Medical expenses described in Section 213(d) of the Code previously incurred by the Participant, the Participant's spouse or any dependent (as defined in Section 152 of the Code) of the Participant, or expenses necessary for those

persons to obtain medical care described in Section 213(d) of the Code;

(2) Costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Participant;

(3) Payment of tuition and related educational fees for the next twelve-months of post- secondary education for the Participant, or the Participant's spouse, children or dependents;

(4) Payment of amounts necessary to prevent the eviction of the Participant from his principal residence or to avoid foreclosure on the mortgage of the Participant's principal residence; or

(5) Any other need added to the foregoing items of deemed immediate and heavy financial needs by the Commissioner of the Internal Revenue Service through the publication of revenue rulings, notices and other documents of general availability,

rather than on an individual basis.

A Participant shall not be permitted to make a withdrawal in the event of a hardship on account of any reason other than as set forth above.

(b) Necessary to Satisfy Such Need - The requested withdrawal will not be treated as necessary to satisfy the Participant's immediate and heavy financial need to the extent that the amount of the requested withdrawal is in excess of the amount required to relieve the financial need or to the extent such need may be satisfied from other sources that are reasonably available to the Participant. The amount of an immediate and heavy financial need may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the hardship withdrawal. The Plan Administrator or his delegate shall generally make this determination on the basis of all relevant facts and circumstances. In evaluating the relevant facts and circumstances the Plan Administrator or his delegate shall act in a nondiscriminatory fashion and shall treat uniformly those

Participants who are similarly situated. The Participant shall furnish the Plan Administrator or his delegate such supporting documents as may be requested in evaluating the relevant facts and circumstances. The Plan Administrator or his delegate may generally treat a withdrawal as necessary to satisfy a financial need if he or his delegate reasonably relies upon the Participant's representation that the need cannot be relieved, unless the Plan Administrator or his delegate has actual knowledge to the contrary:

(1) Through reimbursement or compensation by insurance or otherwise;

(2) By reasonable liquidation of the Participant's assets, to the extent such liquidation would not itself cause an

immediate and heavy financial need;

(3) By cessation of Pre-Tax and After-Tax Contributions under the Plan;

(4) By other distributions or non-taxable loans from plans maintained by the Company or any other employer; or

(5) By borrowing from commercial sources on reasonable commercial terms.

For purposes of this subdivision, the Participant's resources shall be deemed to include those assets of his spouse and minor children that are reasonably available to the Participant.

(c) Effective at such time as the Plan Administrator shall determine practicable, as a condition for receiving a hardship withdrawal, a Participant must comply with (1) or (2) as follows:

(1) The Participant must certify to the Plan Administrator or his delegate, on such form as the Plan Administrator or his delegate may prescribe, that the financial need cannot be fully relieved out of the sources listed in (b) (1) - (5) above. The sources listed must be used to the extent necessary to relieve the hardship but any source that would have the effect of increasing the hardship need not be used. For purposes of this clause (1), the Participant's resources shall be deemed to include those assets of his spouse and minor children that are reasonably available to the Participant. The Participant shall furnish to the Plan Administrator or his

delegate such supporting documents as the Plan Administrator or his delegate may request in accordance with uniform and nondiscriminatory rules prescribed by the Plan Administrator or his delegate. If, on the basis of the Participant's certification and the supporting documents, the Plan Administrator or his delegate find that he can reasonably rely on the Participant's certification, then the Plan Administrator or his delegate shall find that the requested withdrawal is necessary to meet the Participant's financial need.

(2) The Participant must request, on such form as the Plan Administrator or his delegate may prescribe, that the Plan Administrator or his delegate make its determination of the necessity for the withdrawal solely on the basis of the Participant's certification, without any supporting documents. In that event, the Plan Administrator or his delegate shall make such determination, provided all of the following requirements are met: (1) the Participant has obtained all distributions and withdrawals, other than distributions available only on account of hardship, and all nontaxable loans currently available under all plans of the Company and Affiliated Employers, (2) the Participant is prohibited from making Pre-Tax Contributions and After-Tax Contributions to the Plan and all other plans of the Company and Affiliated Employers under the terms of such plans or by means of an otherwise legally enforceable agreement for at

least 12 months after receipt of the distribution, and (3) the limitation described in Section 3.01(b) under all plans of the Company and Affiliated Employers for the calendar year following the year in which the distribution is made must be reduced by the Participant's elective deferrals made in the calendar year of the distribution for hardship. For purposes of clause (2), "all other plans of the Company and Affiliated Employers" means all qualified and non-qualified plans of deferred compensation maintained by the Company and Affiliated Employers and includes a stock option, stock purchase (including the Company's Discount Stock Purchase Plan though it isn't a deferred compensation plan) and such other plans as may be designated under regulations issued under Section 401(k) of the Code, but shall not include health and welfare benefit plans and the mandatory employee contribution portion of a defined benefit plan.

7.06 Distribution from Company Stock Fund. Where an amount to be distributed pursuant to Section 7.01, 7.02, or 7.03 is represented in part by Units, the distributee may elect, in such manner and on such conditions as may be prescribed by the Plan Administrator, to have distributed the number of whole Shares represented by such Units, together with an amount of dollars representing the balance of the current value of such Units. In the absence of such an election, the distribution shall be made entirely in dollars. Withdrawals pursuant to Section 7.04 or

7.05 and loans pursuant to Article 9 to be made from the Company Stock Fund shall be made entirely in cash.

7.07 Leaves of Absence and Transfers to Weekly Payroll. If a Participant shall be granted a leave of absence by the Company or shall transfer from the management payroll to the weekly payroll, neither such event shall be deemed a termination of service, but such Participant's Pre-Tax Contributions and After-Tax Contributions under this Plan shall be suspended as of the last day of the calendar month in which such leave commences, or transfer occurs, as the case may be. Such Participant may resume making Pre-Tax Contributions and After-Tax Contributions, as of the first day of any calendar month following the termination of such leave of absence or his return to the

management payroll, as the case may be, by making a new payroll deduction authorization in such manner and on such conditions as may be prescribed by the Plan Administrator, on or before the 15th day of the calendar month preceding the calendar month in which such contributions are to resume.

7.08 Age 70 1/2 Required Distribution.

(a) In no event shall the provisions of this Article operate so as to extend the time by which a distribution is to be made under any other provision of the Plan or to allow the distribution of a Participant's Account to begin later than the April 1 following the calendar year in which he attains age 70 1/2, provided that such commencement in active service shall not be required with respect to a Participant (i) who does not own more than five percent of the outstanding stock of the Company (or stock possessing more than five percent of the total combined

voting power of all stock of the Company), and (ii) who attained age 70 1/2 prior to January 1, 1988.

(b) In the event a Participant in active service is required to begin receiving payments while in service under the provisions of paragraph (a) above, the Plan shall distribute to the Participant in each distribution calendar year the minimum amount required to satisfy the provisions of Section 401(a)(9) of the Code provided, however, that the payment for the first distribution calendar year shall be made on or before April 1 of the following calendar year. Such minimum amount will be determined on the basis of the joint life expectancy of the Participant and his Beneficiary. Such life expectancy will be recalculated once each year; however, the life expectancy of the Beneficiary will not be recalculated if the Beneficiary is not the Participant's spouse. The amount of the withdrawal shall be allocated among the investment funds in proportion to the value of the Accounts as of the date of each withdrawal. The commencement of payments under this Section 7.08 shall not constitute an Annuity Starting Date for purposes of Sections 72, 401(a)(11) and 417 of the Code. Upon the Participant's subsequent termination of employment, payment of the Participant's Account shall be made in accordance with the provisions of Section 7.09.

7.09 Form and Timing of Distributions.

(a) Distributions pursuant to Sections 7.01 and 7.02 shall be made as follows:

(i) the Vested Portion of the Participant's Account balance which equals $3500 or less shall be distributed in a single lump sum as soon as practicable, but not later than 60 days after the end of the calendar year in which the Participant's termination of employment occurs; or

(ii) unless the Participant makes an election under Section 7.09(b), the Vested Portion of the Participant's Account balance which exceeds $3500 shall be deferred until the Participant attains age 65 and the amount to the credit of the Participant's Account as of the last day of the calendar month in which he attains age 65 shall be distributed to him in a single lump sum as soon as practicable after such calendar month. If the Participant fails to make an election under Section 7.09(b), the Participant shall be deemed to have elected the deferred distribution under this Section 7.09(a)(ii).

(b) In lieu of the deferred distribution upon attaining age 65 provided in Section 7.09(a)(ii), the Participant may elect, in such manner and on such conditions as may be prescribed by the Plan Administrator, one of the following:

(i) a distribution in a single lump sum as soon as practicable, but not later than 60 days after the end of the calendar year in which the Participant's termination occurs;

(ii) a distribution deferred until the last day of a calendar month not later than the calendar month in which the Participant attains age 70 as designated by the Participant, in which event distribution of the Participant's Account balance as of the last day of the calendar month so designated by the Participant shall be made in a single lump sum as soon as practicable after such calendar month; or

(iii) a distribution in five annual installments as promptly as practicable after the end of each calendar year commencing in the calendar year immediately following the calendar year in which the termination occurs, in which event each such annual installment shall be an amount equal to the Participant's Account balance as of December 31 of the previous year divided by the number of annual installments remaining to be made hereunder, except that the fifth such installment shall equal the entire balance in the Participant's Account as of the preceding December 31. Each such annual installment shall be taken pro rata from the Participant's balances in the investment funds under the Plan.

7.10 Status of Account Pending Distribution. Until completely distributed the Account of a Participant who is entitled to a distribution shall continue to be invested as part of the funds of the Plan.

7.11 Proof of Death and Right of Beneficiary or Other Person. The Plan Administrator may require and rely upon such proof of death and such evidence of the right of any Beneficiary or other person to receive the value of the Account of a deceased Participant as the Plan Administrator may deem proper and his determination of the right of that Beneficiary or other person to

receive payment shall be conclusive.

7.12 Distribution Limitation. Notwithstanding any other provision of this Article 7, all distributions from this Plan shall conform to the regulations issued under Section 401(a)(9) of the Code, including the incidental death benefit provisions of

Section 401(a)(9)(G) of the Code. Further, such regulations shall override any Plan provision that is inconsistent with Section 401(a)(9) of the Code.

7.13 Direct Rollover of Certain Distributions. This Section applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, in such manner and on such conditions as may be prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. The following definitions apply to the terms used in this Section:

(a) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more, any distribution to the extent such distribution is required under Section 401(a)(9) of the Code, and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities);

(b) "Eligible retirement plan" means an individual retirement account described in Section 408(a) of the Code, an

individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity;

(c) "Distributee" means an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse; and

(d) "Direct rollover" means a payment by the Plan to the eligible retirement plan specified by the distributee.

ARTICLE 8

Non-Discrimination and Limitation

8.01 Actual Deferral Percentage Test. The Actual Deferral Percentage for Highly Compensated Employees who are Participants or eligible to become Participants shall not exceed the Actual Deferral Percentage for all other Employees who are Participants or eligible to become Participants multiplied by 1.25. If the Actual Deferral Percentage for Highly Compensated Employees does not meet the foregoing test, the Actual Deferral Percentage for Highly Compensated Employees may not exceed the Actual Deferral Percentage for all other Employees who are Participants or eligible to become Participants by more than two percentage points, and the Actual Deferral Percentage for Highly

Compensated Employees may not be more than 2.0 times the Actual Deferral Percentage for all other Employees (or such lesser amount as the Plan Administrator shall determine to satisfy the provisions of Section 8.03). The Plan Administrator may implement rules limiting the Pre-Tax Contributions which may be made on behalf of some or all Highly Compensated Employees so that this limitation is satisfied. If the Plan Administrator determines that the limitation under this Section 8.01 has been exceeded in any Plan Year, the following provisions shall apply:

(a) The amount of Pre-Tax Contributions made on behalf of some or all Highly Compensated Employees shall be reduced until the provisions of this Section are satisfied as follows. The actual deferral ratio of the Highly-Compensated Employee with the highest actual deferral ratio shall be reduced to the extent necessary to meet the test or to cause such ratio to equal the actual deferral ratio of the Highly Compensated Employee with the next highest ratio. This process will be repeated until the actual deferral percentage test is passed. Each ratio shall be rounded to the nearest one one-hundredth of one percent of the Participant's Statutory Compensation.

(b) Pre-Tax Contributions subject to reduction under this Section, together with Earnings thereon, ("excess contributions") shall be paid to the Participant before the close of the Plan Year following the Plan Year in which the excess contributions were made and, to the extent practicable, within 2 1/2 months of the close of the Plan Year in which the excess contributions were made. However, any excess contributions for any Plan Year shall be reduced by any Pre-Tax Contributions previously returned to the Participant under Section 3.01 for that Plan Year. In the event any Pre-Tax Contributions returned under this Section 8.01 were matched by Company Contributions, such corresponding Company

Contributions, with Earnings thereon, shall be forfeited and used to reduce Company contributions. The Participant may elect, in lieu of a return of the excess contributions, to have the Plan treat all or a portion of the excess contributions to the Plan as After-Tax Contributions for the Plan Year in which the excess contributions were made, subject to the limitations of Section 3.02. Recharacterized excess contributions shall be considered After-Tax Contributions made in the Plan Year to which the excess contributions relate for purposes of Section 8.02 and shall be subject to the withdrawal provisions applicable to After-Tax Contributions under Article 7. The Participant's election to recharacterize Pre-Tax Contributions shall be made within 2 1/2 months of the close of the Plan Year in which the excess contributions were made, or within such shorter period as the Plan Administrator may prescribe. In the absence of a timely election by the Participant, the Plan shall return his excess contributions as provided in the paragraph (b).

8.02 Actual Contribution Percentage Test. The Actual Contribution Percentage for Highly Compensated Employees who are Participants or eligible to become Participants shall not exceed the Actual Contribution Percentage for all other Employees who are Participants or eligible to become Participants multiplied by 1.25. If the Actual Contribution Percentage for the Highly Compensated Employees does not meet the foregoing test, the Actual Contribution Percentage for Highly Compensated Employees may not exceed the Actual Contribution Percentage of all other Employees who are Participants or eligible to become Participants by more than two percentage points, and the Actual Contribution Percentage for Highly Compensated Employees may not be more than 2.0 times the Actual Contribution Percentage for all other Employees (or such lesser amount as the Plan Administrator shall determine to satisfy the provisions of Section 8.03). The Plan

Administrator may implement rules limiting the After-Tax Contributions which may be made by some or all Highly Compensated Employees so that this limitation is satisfied. If the Plan Administrator determines that the limitation under this Section 8.02 has been exceeded in any Plan Year, the following provisions shall apply:

(a) The amount of After-Tax Contributions and Company Contributions made by or on behalf of some or all Highly Compensated Employees in the Plan Year shall be reduced until the provisions of this Section are satisfied as follows. The actual contribution ratio of the Highly Compensated Employee with the highest actual contribution ratio shall be reduced to the extent necessary to meet the test or to cause such ratio to equal the actual contribution ratio of the Highly-Compensated Employee with the next highest actual contribution ratio. This process will be repeated until the actual contribution percentage test is passed. Each ratio shall be rounded to the nearest one one-hundredth of one percent of a Participant's Statutory Compensation.

(b) Any After-Tax Contributions and Company Contributions subject to reduction under this Section, together with Earnings thereon ("excess aggregate contributions"), shall be reduced and allocated in the following order:

(i) Nonparticipating After-Tax Contributions, to the extent of the excess aggregate contributions, together with Earnings, shall be paid to the Participant; and then, if necessary,

(ii) so much of the Participating After-Tax Contributions and corresponding Company Contributions, together with Earnings, as shall be necessary to meet the test shall be reduced, with the After-Tax Contributions, together with Earnings, being paid to the Participant and the Company

Contributions, together with Earnings, being reduced, with vested Company Contributions being paid to the Participant, and Company Contributions which are forfeitable under the Plan being forfeited and applied to reduce Company contributions; then if necessary,

(iii) so much of the Company Contributions, together with Earnings, as shall be necessary to equal the balance of the excess aggregate contributions shall be reduced, with vested Company Contributions being paid to the Participant and Company Contributions which are forfeitable under the Plan being forfeited and applied to reduce Company contributions.

(c) Any repayment or forfeiture of excess aggregate

contributions shall be made before the close of the Plan Year following the Plan Year for which the excess aggregate contributions were made and, to the extent practicable, any repayments or forfeiture shall be made within 2 1/2 months of the close of the Plan Year in which the excess aggregate contributions were made.

8.03 Aggregate Contribution Limitation. Notwithstanding the provisions of Sections 8.01 and 8.02, in no event shall the sum of the Actual Deferral Percentage of the group of eligible Highly Compensated Employees and the Actual Contribution Percentage of such group, after applying the provisions of Sections 8.01 and 8.02, exceed the "aggregate limit" as provided in Section 401(m)(9) of the Code and the regulations issued thereunder. In the event the aggregate limit is exceeded for any Plan Year, the Actual Contribution Percentages of the Highly Compensated Employees shall be reduced to the extent necessary to satisfy the aggregate limit in accordance with the procedure set forth in Section 8.02.

8.04 Additional Discrimination Testing Provisions.

(a) If any Highly Compensated Employee is either (i) a five percent owner or (ii) one of the 10 highest paid Highly Compensated Employees, then any Statutory Compensation paid to or any contribution made by or on behalf of any member of his "family" shall be deemed paid to or made by or on behalf of such Highly Compensated Employee for purposes of Sections 8.01, 8.02 and 8.03, to the extent required under regulations prescribed by the Secretary of the Treasury or his delegate under Sections 401(k) and 401(m) of the Code. The contributions required to be aggregated under the preceding sentence shall be disregarded in determining the Actual Deferral Percentage and Actual Contribution Percentage for the group of non-highly compensated employees for purposes of Sections 8.01, 8.02 and 8.03. Any return of excess contributions or excess aggregate contributions required under Sections 8.01, 8.02 and 8.03 with respect to the family group shall be made by allocating the excess contributions or excess aggregate contributions among the family members in proportion to the contributions made by or on behalf of each family member that is combined. For purposes of this paragraph, the term "family" means, with respect to any employee, such employee's spouse, any lineal ascendants or descendants and spouses of such lineal ascendants or descendants.

(b) If any Highly Compensated Employee is a member of another qualified plan of the Company or an Affiliated Employer, other than an employee stock ownership plan described in Section 4975(e)(7) of the Code or any other qualified plan which must be

mandatorily disaggregated under Section 410(b) of the Code, under which deferred cash contributions or matching contributions are made on behalf of the Highly Compensated Employee or under which the Highly Compensated Employee makes after-tax contributions,

the Plan Administrator shall implement rules, which shall be uniformly applicable to all employees similarly situated, to take into account all such contributions for the Highly Compensated Employee under all such plans in applying the limitations of Section 8.01, 8.02 and 8.03. If any other such qualified plan has a plan year other than the Plan Year defined in Section 1.42, the contributions to be taken into account in applying the limitations of Sections 8.01, 8.02 and 8.03 will be those made in the plan years ending with or within the same calendar year.

(c) In the event that this Plan is aggregated with one or more other plans to satisfy the requirements of Sections 401(a)(4) and 410(b) of the Code (other than for purposes of the average benefit percentage test) or if one or more other plans is aggregated with this Plan to satisfy the requirements of such sections of the Code, then the provisions of Sections 8.01, 8.02 and 8.03 shall be applied by determining the Actual Deferral Percentage and Actual Contribution Percentage of employees as if all such plans were a single plan. If this Plan is permissively aggregated with any other plan or plans for purposes of satisfying the provisions of Section 401(k)(3) of the Code , the aggregated plans must also satisfy the provisions of Section 401(a)(4) and 410(b) of the Code as though they were a single plan. For Plan Years beginning after December 31, 1989, plans may be aggregated under this paragraph (c) only if they have the same plan year.

(d) The Company may elect to use Pre-Tax Contributions to satisfy the tests described in Sections 8.02 and 8.03, provided that the test described in Section 8.01 is met prior to such election, and continues to be met following the Company's election to shift the application of those Pre-Tax Contributions from Section 8.01 to Section 8.02.

(e) The Company may authorize that special "qualified nonelective contributions" shall be made for a Plan Year, which

shall be allocated in such amounts and to such Participants, who are not Highly Compensated Employees, as the Named Fiduciaries shall determine. The Plan Administrator, shall establish such separate accounts as may be necessary. Qualified nonelective contributions shall be 100% nonforfeitable when made. Any qualified nonelective contributions made on or after January 1, 1994 and any earnings credited on any qualified nonelective contributions after such date shall only be available for withdrawal under the provisions of Section 7.04(d). Qualified nonelective contributions made for the Plan Year may be used to satisfy the tests described in Sections 8.01, 8.02 and 8.03, where necessary.

(f) Notwithstanding any provision of the Plan to the contrary, employees included in a unit of employees covered by a collective bargaining agreement shall be disregarded in applying the provisions of Sections 8.01, 8.02 and 8.03 except that the provisions of Section 8.01 above shall be applicable to that group of employees on and after January 1, 1993 on the basis that those employees are included in a separate cash-or-deferred arrangement.

8.05 Maximum Annual Additions.

(a) The annual addition to a Participant's Account for any Plan Year, which shall be considered the "limitation year" for purposes of Section 415 of the Code, when added to the Participant's annual addition for that Plan Year under any other qualified Defined Contribution Plan of the Company or an Affiliated Employer, shall not exceed an amount which is equal to the lesser of (i) 25% of his aggregate remuneration for the Plan Year or (ii) the greater of $30,000 or one-quarter of the dollar limitation in effect under Section 415(b)(1)(A) of the Code.

(b) For purposes of this Section, the "annual addition" to a Participant's Account under this Plan or any other qualified

Defined Contribution Plan maintained by the Company or an Affiliated Employer shall be the sum of:

(i) the total contributions, including Pre-Tax Contributions, made on the Participant's behalf by the Company and all Affiliated Employers,

(ii) all Participant contributions, exclusive of any Rollover Contributions, and

(iii)forfeitures, if applicable,

that have been allocated to the Participant's Account under this Plan or his accounts under any other such qualified Defined Contribution Plan. For purposes of this paragraph (b), any Pre-Tax Contributions distributed under Section 8.01 and any Company Contributions or After-Tax Contributions distributed or forfeited under the provisions of Section 3.01, 8.01, 8.02 or 8.03 shall be included in the annual addition for the year allocated.

(c) For purposes of this Section, the term "remuneration" with respect to any Participant shall mean the wages, salaries and other amounts paid in respect of the Participant by the Company or an Affiliated Employer for personal services actually rendered, determined after any reduction of Compensation pursuant to Section 3.01 or pursuant to a cafeteria plan as described in Section 125 of the Code, including (but not limited to) bonuses, overtime payments and commissions, but excluding deferred compensation, stock options and other distributions which receive special tax benefits under the Code.

(d) If the annual addition to a Participant's Account for any Plan Year, prior to the application of the limitation set forth in paragraph (a) above, exceeds that limitation due to a reasonable error in estimating a Participant's annual compensation or in determining the amount of Pre-Tax

Contributions that may be made with respect to a Participant under Section 415 of the Code, or as the result of the allocation of forfeitures, the amount of contributions credited to the Participant's Account in that Plan Year shall be adjusted to the extent necessary to satisfy that limitation in accordance with the following order of priority:

(i) The Participant's Nonparticipating After-Tax Contributions under Section 3.02 shall be reduced to the extent necessary. The amount of the reduction shall be returned to the Participant, together with any earnings on the contributions to be returned.

(ii) The Participant's Nonparticipating Pre-Tax Contributions under Section 3.01 shall be reduced to the extent necessary. The amount of the reduction shall be returned to the Participant, together with any earnings on the contributions to be returned.

(iii) The Participant's Participating After-Tax Contributions and corresponding Company Contributions shall be

reduced to the extent necessary. The amount of the reduction attributable to the Participant's Participating After-Tax Contributions shall be returned to the Participant, together with any earnings on those contributions to be returned, and the amount attributable to the Company Contributions shall be forfeited and used to reduce subsequent contributions payable by the Company.

(iv) The Participant's Participating Pre-Tax Contributions and corresponding Company Contributions shall be reduced to the extent necessary. The amount of the reduction attributable to the Participant's Participating Pre-Tax

Contributions shall be returned to the Participant, together with any earnings on those contributions to be returned, and the amount attributable to the Company Contributions shall be forfeited and used to reduce subsequent contributions payable by the Company.

Any Pre-Tax Contributions returned to a Participant under this paragraph (d) shall be disregarded in applying the dollar limitation of Pre-Tax Contributions under Section 3.01(b), and in performing the Actual Deferral Percentage Test under Section 8.01. Any After-Tax Contributions returned under this paragraph (d) shall be disregarded in performing the Actual Contribution Percentage Test under Section 8.02.

8.06 Defined Benefit Plan Limitation. If a Participant is or ever was a participant in a Defined Benefit Plan then prior to restricting any Annual Addition under this Plan the rate of benefit accruals under such Defined Benefit Plan shall first be reduced so as to cause the sum, for any limitation year, of the Participant's Defined Benefit Plan Fraction and the Participant's Defined Contribution Plan Fraction not to exceed 1.0.

ARTICLE 9

Loans

9.01 Loans Permitted. On and after January 1, 1986, a Participant who is not on a leave of absence and remains on the active payroll may, with the approval of the Plan Administrator under such uniform rules as the Plan Administrator may adopt, borrow from his Account upon terms and conditions set forth in this Article 9. Any loans made prior to October 19, 1989 shall be subject to this Article 9 and the rules in effect thereunder at the time such loans were made. Any loans made, renewed, renegotiated, modified or extended on or after October 19, 1989 shall be subject to this Article 9 as amended effective as of

such date. Effective as of October 19, 1989 the Plan Administrator is authorized to administer the loan program under this Article 9. Any Participant who is an Employee, and any Participant who is a former Employee and a "party-in-interest" (as defined in Section 3(14) of ERISA) to the Plan, may borrow from his Account, upon application made in such manner and on such conditions as the Plan Administrator may prescribe and under such uniform and non-discriminatory rules as the Plan Administrator may adopt.

9.02 Amount of Loans. The minimum amount of any loan pursuant to this Article 9 shall be $1,000. The amount of any such loan to a Participant, together with the outstanding balance of all other such loans to the same Participant, shall not exceed the lesser of (a) or (b) where (a) is $50,000 reduced by the excess (if any) of (i) the highest outstanding balance of loans to the Participant from the Plan during the one year period ending on the day before the date on which such loan is made, over (ii) the outstanding balance of loans to the Participant from the Plan on the date on which such loan is made, and (b) is one-half of the Vested Portion of the Participant's Account balance. Outstanding balance of loans means the outstanding amount of all loans from the Plan and any other plans of the Company.

9.03 Source of Loans. Funds for loans from a Participant's Account shall be taken from the Participant's Subaccounts in the following order:

(i) Nonparticipating Pre-Tax Contributions and earnings thereon;

(ii) Participating Pre-Tax Contributions and earnings thereon;

(iii) Rollover Contributions and earnings thereon;

(iv) Vested Company Contributions (except the Company Stock Fund) that have been in the Account for two full calendar

years after the contribution year and earnings thereon;

(v) Vested Company Contributions (except the Company Stock Fund) that have been in the Account for less than two full calendar years after the contribution year and earnings thereon;

(vi) Nonparticipating After-Tax Contributions and earnings thereon; and

(vii) Participating After-Tax Contributions and earnings thereon.

Effective at such time as the Plan Administrator shall determine practicable, vested Company Contributions in the Company Stock Fund may be used as a source of funds for loans. No loan shall be made from a Subaccount or a part of a Subaccount until exhaustion of the entire balance in the Subaccount or part of the Subaccount preceding it on the above list. Within each Subaccount or part thereof, funds for loans will be taken on a last-in-first-out basis and pro-rata from each investment fund within the Subaccount or part of the Subaccount and such pro-rata portion of each investment fund will be converted to cash for the loan based upon the market value of the investment on the date of conversion.

9.04 Interest Rate. The interest rate to be charged on loans pursuant to this Article 9 shall be a reasonable rate of interest determined from time to time by the Plan Administrator. In determining such rate the Plan Administrator shall seek to provide to the Plan a rate of return commensurate with the interest rates charged by persons in the business of lending money for loans that would be made under similar circumstances on the date the loan is approved. The interest rate will be fixed for the entire term of the loan.

9.05 Repayment. The Participant may select a period of one, two, three, four or five years for repayment of a loan, except that the Participant may, at his option, select a longer period of whole years, not exceeding ten, for repayment of a loan for the purpose of purchasing his principal residence. Repayment

shall be made by level monthly payments in such amount as shall be sufficient to pay the principal and interest thereon over the period for repayment. Repayment shall be made by payroll deductions, except that in the case of a Participant who is not on the active payroll, repayment shall be made by check or other similar means as the Plan Administrator shall determine. Prepayment of a loan in full may be made without penalty at any time. Partial prepayment of a loan may be made at any time without penalty by a cash payment of not less than $1000.00 or by additional repayments of principal made by payroll deduction. The amount of each monthly payment shall be restored to the Participant's Subaccounts in the same proportion as the loan was taken from such Subaccounts. However, the amount of each such monthly payment shall be placed into investment funds, except the

Company Stock Fund, in accordance with the most recent investment election made by the Participant with respect to the Participant's Contributions.

9.06 Multiple Loans. No more than one loan may be granted to a Participant in a calendar year unless all earlier loans made in the same calendar year to the Participant shall have been repaid in full.

9.07 Pledge. The Vested Portion of the Participant's Account balance shall be pledged as security for all loans to the Participant pursuant to this Article 9. The amount pledged shall not be greater than fifty percent of the Participant's Vested Portion. If a default shall occur in the repayment of a loan, the entire unpaid principal balance plus accrued interest if any: (i) shall be charged, when the Participant becomes eligible to receive a distribution, against that portion of the Participant's Vested Portion which serves as security for the loan; (ii) shall be deducted, if a distribution is to made, from the amount payable to the Participant or the Participant's Beneficiary; or (iii) if neither (i) nor (ii) applies, shall continue to encumber

that portion of the Participant's Vested Plan Account balance Portion that serves as security for the loan.

9.08 Loan Reserve. The amount of each loan to a Participant shall be transferred from the portion of the TrustFund held for the Participant's Account and invested pursuant to Section 5.02 to a special Loan Reserve maintained for such Participant's Account. Such Loan Reserve shall be invested solely in the loan or loans made to the Participant. Payments on any such loan will reduce the Participant's Loan Reserve and shall be reinvested for the Participant's Account in accordance with Section 9.05.

9.09 Minimum Account Balance. So long as any amount of a loan shall remain outstanding to a Participant, the Participant may not make any withdrawal from his Account that would reduce the value of his Vested Portion to less than his Loan Reserve.

9.10 Consent. No loan shall be made pursuant to this Article 9 without the prior consent of the Participant and the Participant's spouse, if any, at the time of application for the loan. Such consent shall be required for (1) the making of the loan from the Participant's Account and (2) the deduction of the full outstanding loan balance, including interest and principal, from the Participant's Account in the event of default, as provided in this Article 9. Such consent may not be revoked by the Participant or the Participant's spouse after the loan proceeds are paid to the Participant. Such consent shall be

in writing on a form furnished by the Company and shall be witnessed by a Notary Public. Any renegotiation, extension, renewal or other revision of a loan shall also require prior consent by the Participant and the Participant's spouse, if any, in the manner described above. Spousal consent shall not be required for loans made after March 1, 1994.

9.11 Other Terms. Each loan made pursuant to this Article 9 shall be evidenced by a promissory note payable to the Trustee. Such loans shall be upon such additional terms and conditions as the Plan Administrator shall determine, applied in a uniform and non-discriminatory manner. The terms and conditions of any loan may be adjusted at any time, to the extent determined by the Plan Administrator to be necessary for compliance with law or to maintain the qualification of the Plan under the Code.

ARTICLE 10

Administration of the Plan

10.01 Named Fiduciaries and Plan Administrator. The following persons from time to time occupying the following offices of the Company are hereby designated as Named Fiduciaries: Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer. The Company may designate other persons who, upon acceptance of such designation, shall serve as Named Fiduciaries either instead of or in addition to those named above. Any such designation and acceptance shall be in writing and retained by the Plan Administrator. The Named Fiduciaries shall act by majority rule. The Named Fiduciaries shall appoint from among the officers of the Company a Plan Administrator who shall serve at the discretion of the Named Fiduciaries. The Plan Administrator shall serve without compensation for his services as such and shall act solely in the interest of the Participants and their Beneficiaries.

10.02 Authority of Plan Administrator. The Plan Administrator shall have discretionary authority to control and manage the operation and administration of the Plan; and, without limiting the generality of the foregoing, may interpret the Plan, determine eligibility for benefits under the Plan, determine any facts or resolve any questions relevant to the administration of

the Plan and, in connection therewith, may remedy and correct any ambiguities, inconsistencies, or omissions in the Plan. Any such action taken by the Plan Administrator shall be conclusive and binding on all Participants, Beneficiaries and other persons.

10.03 Reliance on Reports. The Named Fiduciaries and the Plan Administrator shall be entitled to rely upon any opinions, reports, or other advice which shall be furnished by specialists, subject to fiduciary responsibilities imposed by ERISA.

10.04 Delegation of Authority. With approval of the Named Fiduciaries, the Plan Administrator may designate one or more persons to exercise any power, or perform any duty, of the Plan Administrator. Any such designation shall be in writing and signed by the Plan Administrator and the Named Fiduciaries and a copy thereof shall be delivered to the Trustee.

10.05 Administration Expenses. All expenses arising in connection with the administration of the Plan shall be paid by the Company, except expenses arising from administration of TRASOP within the Trust shall be paid in accordance with the following paragraph.

The expenses of administration of the TRASOP within the Trust shall include, without limitation, transfer taxes, postage, brokerage commissions and other direct selling expenses incurred by the Trustee in the sale of Shares pursuant to Section 13.04, losses incurred by the Trustee in transactions pursuant to Section 5.07 only to the extent applicable to funds which are to be invested pursuant to Section 13.02, and fees of the Trustee in connection with the administration of TRASOP within this Trust, including fees for legal services rendered to the Trustee (whether or not rendered in connection with a judicial or

administrative proceeding and whether or not incurred while it is acting as Trustee), but shall exclude brokerage fees and commissions for purchases of Shares pursuant to Section 13.02, which brokerage fees and commissions shall be paid out of the dividends being reinvested thereby. Such expenses of administration of TRASOP within the Trust shall, to the extent

permitted by law, be paid:

first, out of any available income of TRASOP;

second, out of any available dividends received by the Trustee on Shares allocated to Participants pursuant to Section 13.02, which dividends have not then been applied to the purchase of additional Shares pursuant to Section 13.02; and

third, by the Company.

Provided, however, that in no event shall the amounts paid by the Trustee during such Plan Year pursuant to clauses "first" and "second" above, exceed the smaller of:

(a) the sum of 10 percent of the first $100,000 and 5 percent of any amount in excess of $100,000 of the income from dividends paid to the Trustee with respect to common stock of the Company during such Plan Year; or

(b) $100,000.

10.06 Fiduciary Insurance. The Company may purchase and carry fiduciary responsibility insurance under which each member of the Board, each Named Fiduciary, the Plan Administrator, or any person to whom there may be delegated any responsibility in connection with the administration of the Plan, including the Trustee, will be indemnified against any cost or expense (including counsel's fees) or liability which may be incurred arising out of any act or failure to act in the administration of this Plan, except for gross negligence or willful misconduct.

10.07 Claim Review.

(a) Any denial by the Plan Administrator of a claim for benefits under the Plan by a Participant or Beneficiary shall be stated in writing by the Plan Administrator and delivered or mailed to the Participant or Beneficiary within 90 days following the date on which the claim is filed; and such notice shall set forth the specific reasons for the denial, written in a plain and understandable manner, specific reference to pertinent Plan provisions on which the denial is based, a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary and an explanation of the Plan's claim review procedure. If special circumstances require an extension of time for processing the claim, written notice of an extension shall be furnished to the claimant prior to the end of the initial period of 90 days following the date on which the claim was filed. Such an extension may not exceed a period of 90 days beyond the end of the initial period. If the claim has not been granted, and if written notice of the denial of the claim is not furnished within 90 days following the date on which the claim is

filed, the claim shall be deemed denied for the purpose of proceeding to the claim review procedure.

(b) Claim Review Procedure. A Participant, Beneficiary, or the authorized representative of either shall have 60 days after receipt of written notification of denial of a claim to request a review of the denial by making written request to the Plan Administrator. Within 30 days following receipt of such requests for review, the Plan Administrator shall review his

prior decision denying the claim. The Plan Administrator shall give the Participant, Beneficiary, or the authorized representative of either an opportunity to appear to review pertinent documents, to submit issues and comments in writing, and to present evidence supporting the claim.

Not later than 60 days after receipt of the request for review, the Plan Administrator shall render and furnish to the claimant a written decision which shall include specific reasons for the decision, and shall make specific references to pertinent Plan provisions on which it is based. If special circumstances require an extension of time for processing, the decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review, provided that written notice and explanation of the delay are given to the claimant prior to commencement of the extension. Such decision by the Plan Administrator shall not be subject to further review. If a decision on review is not furnished to a claimant within the specified time period, the claim shall be deemed to have been denied on review.

(c) Exhaustion of Remedy. No claimant shall institute any action or proceeding in any state or federal court of law or equity, or before any administrative tribunal or arbitrator, for a claim for benefits under the Plan, until he or she has first exhausted the procedures set forth in this section.

10.08 Appointment of Trustee. The Trustee and any successor thereto shall be appointed by the Board.

10.09 Limitation of Liability. The Company, the Board, the Named Fiduciaries, the Plan Administrator, and any officer, employee or agent of the Company shall not incur any liability

individually or on behalf of any other individuals or on behalf of the Company for any act or failure to act, made in good faith in relation to the Plan or the funds of the Plan. However, this limitation shall not act to relieve any such individual or the Company from a responsibility or liability for any fiduciary responsibility, obligation or duty under Part 4, Title I, of ERISA.

ARTICLE 11
Miscellaneous

11.01 Exclusive Benefit; Amendments. It shall be impossible for any part of the corpus or income of the Trust Fund to be used for or diverted to purposes other than for the exclusive benefit of Participants, Beneficiaries and other persons entitled to benefits under the Plan and for paying the expenses of the Plan not paid by the Company, or to deprive any of them of his vested interest in the Trust Fund. No person shall have any interest in, or right to, any part of the Trust Fund except as and to the extent expressly provided in the Plan. Subject to the foregoing, the Plan may be amended, in whole or in part, at any time and from time to time by the Board or pursuant to authority granted by the Board and any amendment may be given such retroactive effect as the Board or its duly authorized delegate may determine.

11.02 Termination; Sale of Assets of Subsidiary.

(a) The Plan may be terminated or partially terminated or contributions under the Plan may be permanently discontinued for any reason at any time by the Board. In the event of termination or partial termination of the Plan or permanent discontinuance of contributions under the Plan: (i) no contribution shall be made

thereafter except for a month the last day of which coincides with or precedes such termination or discontinuance; (ii) no distribution shall be made except as provided in the Plan; (iii) the rights of all Participants to the entire amounts to the credit of their Accounts as of the date of such termination or partial termination or discontinuance shall become 100% vested; (iv) no person shall have any right or interest except with respect to the Trust Fund; and (v) the Trustee shall continue to act until the Trust Fund shall have been distributed in accordance with the Plan.

(b) Upon termination of the Plan, Pre-Tax Contributions, with earnings thereon, shall only be distributed to Participants if (i) neither the Company nor an Affiliated Employer establishes or maintains a successor defined contribution plan, and (ii) payment is made to the Participants in the form of a lump sum distribution (as defined in Section 402(d)(4) of the Code, without regard to clauses (i) through (iv) of subparagraph (A), subparagraph (B), or subparagraph (F) thereof). For purposes of this paragraph, a "successor defined contribution plan" is a defined contribution plan (other than an employee stock ownership plan as defined in Section 4975(e)(7) of the Code ("ESOP") or a simplified employee pension as defined in Section 408(k) of the Code ("SEP)) which exists at the time the Plan is terminated or within the 12 month period beginning on the date all assets are distributed. However, in no event shall a defined contribution plan be deemed a successor plan if fewer than two percent of the employees who are eligible to participate in the Plan at the time of its termination are or were eligible to participate under another defined contribution plan of the Company or an Affiliated Employer (other than an ESOP or a SEP) at any time during the

period beginning 12 months before and ending 12 months after the date of the Plan's termination.

(c) Upon the disposition by the Company of at least 85 percent of the assets (within the meaning of Section 409(d)(2) of the Code) used by the Company in a trade or business or upon the disposition by the Company of its interest in a subsidiary (within the meaning of Section 409(d)(3) of the Code), Pre-Tax Contributions, with earnings thereon, may be distributed to those Participants who continue in employment with the employer acquiring such assets or with the sold subsidiary, provided that (a) the Company maintains the Plan after the disposition, (b) the buyer does not adopt the Plan or otherwise become a participating employer in the Plan and does not accept any

transfer of assets or liabilities from the Plan to a plan it maintains in a transaction subject to Section 414(l)(1) of the Code, an (c) payment is made to the Participant in the form of a lump sum distribution (as defined in Section 402(d)(4) of the Code, without regard to clauses (i) through (iv) of subparagraph (A), subparagraph (B), or subparagraph (F) thereof).

11.03 Beneficiaries. Upon the death of a Participant his entire nonforfeitable accrued benefit under the Plan shall be payable in a lump sum to his surviving spouse unless there is no surviving spouse of the Participant or such surviving spouse has consented, in the manner provided in this Section 11.03, to a designation of a different Beneficiary and such designation is in effect at the time of the Participant's death. Each Participant may designate a Beneficiary or Beneficiaries to receive the Participant's benefits under the Plan in a lump sum in the event of death of such Participant prior to distribution of such benefits, by filing prior to his death, a written designation

with the Plan on a form furnished by the Plan Administrator or his delegate, provided that such designation shall be effective only if (1) such designation is accompanied by the written consent of the Participant's spouse which acknowledges the effect on the spouse of the designation and is witnessed by a Notary Public, or (2) the Participant is not married. Any such designation made by an unmarried Participant shall become null and void during any subsequent marriage (unless consented to in the manner described above by the spouse of that marriage) and any consent of a spouse shall be effective only with respect to such spouse. If, at the time of a Participant's death, there is no surviving spouse of the Participant and no designation of a Beneficiary by such Participant is in effect, then the Participant's benefits shall be payable in a lump sum to his estate or legal representative. A Participant may revoke a designation made pursuant to this Section 11.03 by signing and filing with the Plan Administrator a written instrument to that effect, in such manner and on such conditions as may be prescribed by the Plan Administrator, or by filing a new designation pursuant to this Section 11.03. The consent of a Participant's spouse may not be revoked, but such spouse's consent shall be required for every designation of a Beneficiary other than the Participant's spouse and for every change in any such designation. The requirement for spousal consent may be waived by the Plan Administrator if he believes there is no spouse, or the spouse cannot be located, or because of such other circumstances as may be established by applicable law.

11.04 Assignment of Benefits.

(a) No Participant or Beneficiary shall have the right to assign, transfer, alienate, pledge, encumber or subject to lien

any benefits to which he is entitled under the Plan, and benefits under the Plan shall not be subject to adverse legal process of any kind, except that nothing in this Section shall preclude payment of Plan benefits pursuant to a qualified domestic relations order as defined in Section 414(p) of the Code and Section 206(d) of ERISA. The Plan Administrator shall establish a written procedure to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders.

(b) Notwithstanding anything herein to the contrary, if the amount payable to the alternate payee under the qualified domestic relations order is less that $3,500, such amount shall be paid in one lump sum as soon as practicable following the qualification of the order. If the amount exceeds $3,500, it may be paid as soon as practicable following the qualification of the order if the alternate payee consents thereto; otherwise it may not be payable before the earliest of (i) the Participant's termination of employment, (ii) the time such amount could be withdrawn under Article 7 or (iii) the Participant's attainment of age 50.

11.05 Merger. The Plan may not be merged or consolidated with, or its assets or liabilities may not be transferred to any other plan unless each person entitled to benefits under the Plan would, if the resulting plan were then terminated, receive immediately after the merger or consolidation, or transfer of assets or liabilities, a benefit which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer if the Plan had then terminated.

11.06 Conditions of Employment Not Affected by Plan. The establishment and maintenance of the Plan shall not confer any legal rights upon any Employee or other person for a continuation of employment, nor shall it interfere with the rights of the Company to discharge any Employee and to treat him without regard to the effect which that treatment might have upon him as a Participant or potential Participant of the Plan.

11.07 Facility of Payment. If the Plan Administrator shall find that a Participant or other person entitled to a benefit is unable to care for his affairs because of illness or accident or is a minor, the Plan Administrator may direct that any benefit due him, unless claim shall have been made for the benefit by a duly appointed legal representative, be paid to his spouse, a child, a parent or other blood relative, or to a person with whom he resides. Any payment so made shall be a complete discharge of the liabilities of the Plan for that benefit.

11.08 Information. Each Participant, Beneficiary or other person entitled to a benefit, before any benefit shall be payable to him or on his account under the Plan, shall file with the Plan Administrator the information that the Plan Administrator shall require to establish his rights and benefits under the Plan.

11.09 Additional Participating Employers.

(a) If any company is or becomes a subsidiary of or associated with the Company, the Board may include the employees of that subsidiary or associated company in the participation of the Plan upon appropriate action by that company necessary to adopt the Plan. In that event, or if any persons become Employees of the Company as the result of merger or consolidation

or as the result of acquisition of all or part of the assets or business of another company, the Board shall determine to what extent, if any, previous service with the subsidiary, associated or other company shall be recognized under the Plan, but subject to the continued qualification of the trust for the Plan as tax-exempt under the Code.

(b) Any subsidiary or associated company may terminate its participation in the Plan upon appropriate action by it. In that event the funds of the Plan held on account of Participants in the employ of that company, and any unpaid balances of the Account of all Participants who have separated from the employ of that company, shall be determined by the Plan Administrator. Those funds shall be distributed as provided in Section 11.02 if the Plan should be terminated, or shall be segregated by the Trustee as a separate trust, pursuant to certification to the Trustee by the Plan Administrator, continuing the Plan as a separate plan for the employees of that company under which the board of directors of that company shall succeed to all the powers and duties of the Board, including the appointment of the Named Fiduciaries and Plan Administrator.

11.10 IRS Determination. All contributions made to the Trust Fund after December 31, 1984, and all loans made pursuant to Article 9, which are made prior to the receipt by the Company of a determination from the Internal Revenue Service to the effect that the Plan, as amended, is a qualified plan under Sections 401(a) and 401(k) of the Code or the refusal of the IRS in writing to issue such a determination, shall be made on the express condition that such determination is received. In the event the Internal Revenue Service determines that the Plan is not so qualified or refuses in writing to make such

determination, such contributions, increased by any earnings thereon, and reduced by any losses thereon and by the outstanding balance (principal and interest) on any loans made under Article 9, shall be returned to the Company and Participants, as appropriate, as promptly as practicable after such determination. In the event the Internal Revenue Service requires reductions in such contributions and/or changes in the terms and conditions of such loans as a condition of its determination that the Plan is so qualified, the required reductions in contributions, increased by any earnings and reduced by any losses attributable thereto, shall be returned to the Company and Participants, as appropriate, and/or the amounts and terms and conditions of any such outstanding loans shall be modified to meet Internal Revenue Service requirements, as promptly as practicable after notification from the Internal Revenue Service. If all or part of the Company's deductions under Section 404 of the Code for Company Contributions to the Plan are disallowed by the Internal Revenue Service, the portion of the Company Contributions to which the disallowance applies shall be returned to the Company without earnings thereon, but reduced by any losses attributable thereto. The return shall be made within one year after the

denial of qualification or disallowance of deduction, as the case may be.

11.11 Mistaken Contributions. Any contribution made by mistake of fact shall be returnable, without any earnings thereon but reduced by any losses attributable thereto, to the Company and/or Participants, as appropriate within one year after the payment of the contribution.

11.12 Prevention of Escheat. If the Plan Administrator cannot ascertain the whereabouts of any person to whom a payment is due under the Plan, the Plan Administrator may, no earlier than three years from the date such payment is due, mail a notice of such due and owing payment to the last known address of such person, as shown on the records of the Plan or Company. If such person has not made written claim therefor within three months of the date of the mailing, the Plan Administrator may, if he so elects and upon receiving advice from counsel to the Plan, direct that such payment and all remaining payments otherwise due such person be canceled on the records of the Plan and the amount thereof applied to reduce the contributions of the Company. Upon such cancellation, the Plan and the Trust shall have no further liability therefor except that, in the event such person or his beneficiary later notifies the Plan Administrator of his whereabouts and requests the payment or payments due to him under the Plan, the amount so applied shall be paid to him in accordance with the provisions of the Plan.

11.13 Limitations Imposed on Insider Participants. Notwithstanding any other provision of the Plan to the contrary, an Insider Participant's right to direct investments under the Plan, and his right to withdrawals and loans under Articles 7 and 9 shall be subject to such limitations and restrictions as may be imposed by the Plan Administrator from time to time to comply with the conditions for the employee benefit plan exemptions to the short-swing trading liability rules of Section 16(b) of the Securities Exchange Act of 1934.

11.14 Construction. The Plan shall be construed, regulated and administered under ERISA and the laws of the State of New York, except where ERISA controls.

ARTICLE 12

Top-Heavy Provisions

12.01 Application of Top-Heavy Provisions. For any Plan Year beginning on or after January 1, 1984 in which the Plan shall on the last day of such Plan Year ("Determination Date"), be either (i) a Top-Heavy Plan or (ii) a part of a "required aggregation group" (as defined in Section 12.03) that is a Top-Heavy Group and not also a part of a "permissive aggregation group" (as defined in Section 12.03) that is not a Top-Heavy Group, the provisions of Article 12 shall apply, notwithstanding any other conflicting provisions of the Plan.

12.02 Minimum Benefit for Top-Heavy Year. For any Plan Year for which this Section 12 is applicable, each Participant, who is employed by the Company on the last day of such year and who is not a Key Employee, shall accrue the Minimum Benefit for Top-Heavy year provided under paragraph 22 of the Consolidated Edison Retirement Plan for Management Employees. For purposes of this Article 12, "Key Employee" means an employee who is in the category of employees determined in accordance with the provisions of Sections 416(i)(l) and (5) of the Code and any regulations thereunder, and where applicable, on the basis of the Employee's Statutory Compensation from the Company or an Affiliated Employer.

12.03 Aggregation Groups.

(a) Notwithstanding anything to the contrary herein, this Plan shall not be a Top-Heavy Plan if it is part of either a "required aggregation group" or a "permissive aggregation group"

that is not a Top-Heavy Group.

(b) The "required aggregation group" consists of:

(i) each Defined Contribution Plan or Defined Benefit Plan in which at least one Key Employee participates; and

(ii) each other Defined Contribution Plan or Defined Benefit Plan which enables a plan referred to in the preceding subparagraph (i) to meet the nondiscrimination requirements of Section 401(a)(4) or 410 of the Code.

(c) A "permissive aggregation group" consists of the plans included in the "required aggregation group" plus any one or more other Defined Contribution Plans or Defined Benefit Plans which, when considered as a group with the "required aggregation group", would continue to meet the nondiscrimination requirements of Section 401(a)(4) and 410 of the Code.

12.04 Special Benefit Limits. For any Plan Year for which this Article 12 is applicable the definitions of "Defined Benefit Plan Fraction" and "Defined Contribution Plan Fraction" in Sections 1.22 and 1.24, respectively, shall be modified in each case by substituting "1.0" for "1.25".

12.05 Special Distribution Rule. For any Plan Year for which this Article 12 is applicable, Section 7.08(a) shall apply to Key Employees.

ARTICLE 13

Tax Reduction Act Stock Ownership Plan

13.01 Purpose; Separate Entity.

(a) TRASOP, which is a stock bonus plan established under the Act, is intended to give eligible participants an equity interest in the Company and to encourage them to remain in the employ of the Company. TRASOP is designed to invest primarily in Shares. Applicable laws do not permit additional contributions to TRASOP by the Company or by Employees, but the Company desires to continue the TRASOP Accounts of Participants having such accounts. Accordingly, effective as of July 1, 1988, all TRASOP

Accounts were transferred to this Plan, and all TRASOP provisions which continue to be applicable were added to this Plan and shall, together with other applicable provisions of this Plan, govern TRASOP Accounts.

(b) Accounts and TRASOP Accounts shall be administered separately, although they shall be held as part of the same Trust Fund. There shall be no transfers between TRASOP Accounts and Accounts and Sub-Accounts.

(c) All matters relating to TRASOP which relate to or arise out of facts, circumstances or conditions in effect prior to July 1, 1988, shall be governed by the provisions of TRASOP as in effect on June 30, 1988 prior to the merger, unless expressly otherwise provided in this Plan.

13.02 TRASOP Accounts; Application of Dividends.

(a) The TRASOP Account of each Participant in TRASOP who remained in the employ of the Company on July 1, 1988 was

transferred to this Plan effective as of July 1, 1988. Each such Participant shall continue to have a nonforfeitable right to all Shares allocated and all amounts credited to such Participant's TRASOP Account.

(b) All dividends received by the Trustee with respect to Shares allocated to the TRASOP Accounts of Participants shall be applied to the purchase of additional Shares. Such purchases shall be made promptly after the receipt of each such dividend. The Trustee shall purchase, in one or more transactions, the maximum number of whole Shares obtainable at then prevailing prices, including brokerage commissions and other reasonable expenses incurred in connection with such purchases. Such purchases may be made on any securities exchange where Shares are traded, in the over-the-counter market, or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as the Trustee may determine to be in the best interest of the Participants. The Trustee shall complete such purchases as soon as practical after receipt of such dividends, having due regard for any applicable requirements of law affecting the timing or manner of such purchases. The additional Shares so purchased shall be allocated among the respective TRASOP Accounts of the Participants in proportion to the number of Shares in each TRASOP Account at the record date for the payment of the dividend so applied. Such allocation shall be made as promptly as practicable but for purposes of determining the time at which such additional Shares shall become distributable pursuant to Section 13.04, the additional Shares so allocated to each Participant's TRASOP Account shall be deemed to have been

allocated as of the respective allocation dates of the Shares in such TRASOP Account at such record date, in proportion to the

number of such Shares previously allocated as of each such allocation date.

13.03 Voting Rights; Options; Rights; Warrants.

(a) Each Participant shall be entitled to direct the Trustee as to the manner in which any Shares or fractional Shares allocated to the Participant's TRASOP Account are to be voted.

(b) In the event that any option, right, or warrant shall be granted or issued with respect to any Shares allocated to the Participant's TRASOP Account, each Participant shall be entitled to direct the Trustee whether to exercise, sell, or deal with such option, right, or warrant.

(c) The Trustee shall keep confidential the Participant's voting instructions and instructions as to any option, right or warrant and any information regarding a Participant's purchases, holdings and sales of Shares.

13.04 Distribution of Shares.

A. Each Share allocated to a Participant's TRASOP Account shall be available for distribution to such Participant promptly after the earlier of (i) the end of the 84th month beginning after the month in which such Share was allocated to such Participant's TRASOP Account, and (ii) the death, disability or termination of employment of such Participant. No Shares may be distributed from a TRASOP Account before the end of the 84th month beginning after the month in which Shares were allocated to the TRASOP Account, except in the case of termination of employment, death or disability, and in accordance with this Section 13.04.

B. Each Share which shall become distributable to a Participant by reason of clause A.(i) above is herein called,

from the time such Share shall become so distributable, an "Unrestricted Share". Notwithstanding the provisions of the aforesaid clause A.(i), Unrestricted Shares shall be distributed to Participants as follows:

(a) From time to time, a Participant may request, in such manner and on such conditions as may be prescribed by the Company, that Unrestricted Shares held in the Participant's TRASOP Account be distributed to the Participant. If such Participant is married, the written application shall include written consent of the Participant's spouse witnessed by a Notary Public. Spousal consent shall not be required with respect to withdrawal requests made on or after March 1, 1994. Applications made in a calendar month shall be effective as of the last day of such calendar month. Any such request must be for whole Shares only and must be for at least ten Shares or the number of whole Unrestricted Shares in the TRASOP Account, whichever is less.

(b) Certificates for Unrestricted Shares requested in accordance with the preceding paragraph B(a) shall be delivered, or a cash distribution in respect of such Unrestricted Shares if elected by the Participant pursuant to Section 13.04D below shall be made, to the Participant as soon as practicable after the effective date of the application.

(c) Any Unrestricted Share which shall become distributable by reason of any provision of this Plan other than clause A.(i) above (including, without limitation, provision for distribution upon the death, disability or termination of employment of the Participant) shall be distributed in accordance

with such provision.

C. In the case of death of a Participant, distributions in respect of Shares allocated to the Participant's TRASOP Account shall be made to the Participant's Beneficiary. In the case of disability or termination of employment with the Company of a

Participant, distributions in respect of Shares allocated to the Participant's TRASOP Account shall be made to the Participant.

All distributions under TRASOP will begin, subject to Section 7.08 and Subsection 13.04.F, not later than the 60th day after the close of the Plan Year in which the latest of the following events occurs: (1) the Participant attains age 65, (2) the 10th anniversary of the year in which the Participant commenced participation in TRASOP, or (3) the Participant becomes disabled, dies or terminates service with the Company.

D. All distributions from a Participant's TRASOP Account shall be made in Shares; provided, however, that a Participant or Beneficiary shall have the right to elect, on a form furnished by and submitted to the Company, to receive a distribution, other than a distribution upon termination of TRASOP, in cash. Except in the case of a final distribution from a Participant's TRASOP Account and a distribution of the Participant's entire TRASOP Account balance after such time as all Shares in a Participant's TRASOP Account have become Unrestricted Shares, all distributions from such TRASOP Account shall be made in respect of whole Shares only, and any fractional Share which is otherwise distributable shall be retained in such TRASOP Account until it can be combined, in whole or in part, with another fractional Share

which shall subsequently become distributable, so as to make up a whole Share. In the case of a final distribution from a Participant's TRASOP Account (except a distribution upon termination of TRASOP) or in the case of a distribution of the Participant's entire TRASOP Account balance after such time as all of the Shares in the Participant's TRASOP Account have become Unrestricted Shares, such distribution shall be made in respect of the number of whole Shares then remaining in the Participant's TRASOP Account, together with a cash payment in respect of any fractional Share based on the closing price of a Share as reported on the New York Stock Exchange consolidated tape on the last trading day of the month immediately preceding the month in which such final distribution is made. The Trustee, in each such case, shall purchase such fractional Share from the Participant at a price equal to the cash payment to be made to the Participant. Whenever the Trustee requires funds for the purchase of fractional Shares, such funds shall be drawn from the accumulated income of the Trust, if any, and otherwise shall be advanced by the Company upon the Trustee's request, subject to reimbursement from future income of the Trust. All fractional Shares so purchased by the Trustee shall be allocated to the

TRASOP Accounts of the remaining Participants at such intervals as shall be determined by the Plan Administrator, but no later than the end of the next succeeding Plan Year. The Trustee shall sell any Shares in respect of which a cash distribution is to be made. The Trustee may make such sales on any securities exchange where Shares are traded, in the over-the-counter market, or in negotiated transactions. Such sales may be on such terms as to price, delivery and otherwise as the Trustee may determine to be in the best interests of the Participants. The Trustee shall complete such sales as soon as practical under the circumstances having due regard for any applicable requirements of law affecting the timing or manner of such sales. All brokerage

commissions and other direct selling expenses incurred by the Trustee in the sale of Shares under this Subsection 13.04D shall be paid as provided in Section 10.05.

E. Upon any termination of TRASOP pursuant to Section 11.02, the Trust shall continue until all Shares which have been allocated to Participants' TRASOP Accounts have been distributed to the Participants, unless the Board directs an earlier termination of the Trust. Upon the final distribution of Shares, or at such earlier time as the Board shall have fixed for the termination of the Trust, the Plan Administrator shall direct the Trustee to allocate to the Participants any Shares then held by the Trustee and not yet allocated, and the Trustee shall distribute to the Participants any whole Shares which have been allocated to their TRASOP Accounts but which have not been distributed, shall sell all fractional Shares and distribute the proceeds to the respective Participants entitled to such fractional Shares, shall liquidate any remaining assets (other than Shares) held by the Trust, and shall apply the proceeds of such liquidation and any remaining funds held by the Trustee, the disposition of which is not otherwise provided for, to a distribution to all Participants then receiving a final distribution of Shares, in proportion to the whole and fractional Shares to which each is entitled; and the Trust shall thereupon terminate.

F. Notwithstanding any other provision of this Plan, unless a Participant otherwise elects in writing on a form furnished by the Company:

(a) Distribution of a Participant's TRASOP Account balance will commence not later than one (1) year after the close of the Plan Year -

(i) in which the Participant terminates employment with the Company by reason of Retirement upon or after attainment of Normal Retirement Age, death, or disability, or

(ii) which is the fifth Plan Year following the Plan Year in which the Participant terminates employment with the Company for any other reason, and the Participant is not reemployed by the Company before such Plan Year.

AND

(b) Distribution of the Participant's TRASOP Account balance will be in five (5) annual distributions as promptly as practicable after the end of each Plan Year; provided, however, that a TRASOP Account balance that equals $3500 or less shall be distributed in a single distribution as soon as practicable, but not later than 60 days after the close of the Plan Year in which the Participant's termination of employment occurs. Each such annual distribution shall be in respect of the number of Shares, rounded down to the nearest number of whole Shares, which most closely approximates the entire balance in the Participant's TRASOP Account as of December 31 of the previous year divided by the number of annual distributions remaining to be made under this subsection, except that the fifth such distribution shall be respect of the entire balance in the Participant's TRASOP Account as of the preceding December 31. Each such annual distribution shall be taken pro rata from all contribution years in Participant's TRASOP Account.

G. A Participant whose employment with the Company is terminated by reason of Retirement, disability or any other reason (other than death) may elect in such a manner and on such conditions as may be prescribed by the Company to have his TRASOP Account balance distributed in one of the following forms:

(i) a single lump sum distribution as soon as practicable, but not later than 60 days after the end of the Calendar Year in which the Participant's termination of employment occurs; or

(ii) a distribution deferred until the last day of a calendar month not later than the calendar month in which the Participant attains age 70, as designated by the Participant, in which event the distribution of the Participant's TRASOP Account balance as of the last day of the calendar month so designated by the Participant shall be made in a single lump sum as soon as practicable after such calendar month.

13.05 Diversification of TRASOP Accounts.

A. Definitions

The following terms shall have the following meanings for purposes of this Section 13.05:

(a) "Qualified Participant" shall mean a Participant who has a TRASOP Account and has attained at least age 55 and completed at least 10 years of participation in TRASOP.

(b) "Qualified Election Period" shall mean the first ninety (90) days following the end of Plan Year 1987 and of each

Plan Year thereafter.

(c) "Eligible Shares" shall mean Shares added to a Participant's TRASOP Account after December 31, 1986.

(d) "Diversifiable Amount" shall, with respect to any Qualified Election Period, mean twenty-five percent (25%) of the number of Eligible Shares in the Participant's TRASOP Account as of the end of the preceding Plan Year. However, if the Diversifiable Amount for any Qualified Election Period shall have a value which may be deemed "de minimis" under regulations issued by the Secretary of the United States Department of the Treasury, then there shall be no Diversifiable Amount available for such Qualified Election Period.

B. Eligibility for Diversification

Each Qualified Participant shall, beginning with the Qualified Election Period in 1988, have the right to elect to diversify, by means of a distribution of whole Eligible Shares only, all or some portion of the Diversifiable Amount in his TRASOP Account during each of the six (6) consecutive Qualified Election Periods following the 1987 Plan Year or the later Plan Year in which such Participant first became a Qualified Participant, provided, however, that, notwithstanding subsection 13.05.A.(d), the Diversifiable Amount in the sixth Qualified Election Period for each Qualified Participant shall be fifty percent (50%) of the number of Eligible Shares in his TRASOP Account as to the end of the preceding Plan Year. A distribution pursuant to this Article 13.05 must be a minimum of ten (10)

Shares, or all Whole Shares comprising the Diversifiable Amount for such Qualified Election Period if less than 10. Each Qualified Participant who desires to elect diversification under this Section shall, during the Qualified Election Period, complete and execute a diversification election and consent form provided by the Company. Such election may be revoked or modified or a new election may be made in its stead within the Qualified Election Period, upon the expiration of which the diversification election shall be irrevocable.

Diversification Procedure

(i) TRASOP shall, within the 90 day period following each Qualified Election Period, distribute to each Qualified Participant who has elected to diversify under this Section, the number of whole Eligible Shares which most closely approximates, but does not exceed, the number of Eligible Shares duly elected to be diversified by each such Qualified Participant. Failure by a Qualified Participant to provide required consents to distribution of any Diversifiable Amount, shall relieve TRASOP of all obligation to make any such distribution.

(ii) To the extent a Qualified Participant has Eligible Shares which are Unrestricted Shares in his TRASOP Account, such Unrestricted Shares shall be distributed pursuant to this Section 13.05. Only upon exhaustion of all such Unrestricted Shares may additional Eligible Shares then be distributed hereunder.

Amendment No. 7 to
Raymond J. McCann Compensation Agreement

WHEREAS, Raymond J. McCann (the "Employee") and Consolidated Edison Company of New York, Inc. (the "Company") entered into an Agreement dated February 28, 1989 (the "Agreement"); and

WHEREAS, paragraph 9 of the Agreement provides that the Agreement may be amended from time to time by a written instrument executed by the Company and the Employee;

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

1. The Agreement is amended, effective February 1, 1995, to increase the Employee's basic salary set forth in clause (i) of paragraph 1(A) of the Agreement from $318,000 per annum to $342,000 per annum, subject to all the terms and conditions set forth in the Agreement relating to basic salary.

2. In all other respects, the Agreement remains in full force and effect as amended hereby.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officer and its Corporate seal to be fixed hereto, and the Employee has hereto set his hand the day and year set forth below.

CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.

By: THOMAS J. GALVIN
Thomas J. Galvin
Senior Vice President

RAYMOND J. MCCANN
Raymond J. McCann

Dated: March 1, 1995

Attest:
Approved by the Board of Trustees
the 22nd day of November, 1994.

ARCHIE M. BANKSTON
Archie M. Bankston
Secretary

The Consolidated Edison
Retirement Plan for Management Employees

As Amended and Restated Effective as of January 1, 1994
Except as Otherwise Noted

12/28/94

THE CONSOLIDATED EDISON RETIREMENT PLAN
FOR MANAGEMENT EMPLOYEES

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The Consolidated Edison
Retirement Plan for Management Employees

1. INTRODUCTION

Effective January 1, 1983, The Consolidated Edison Retirement Plan for Management Employees (the "Management Plan") has been adopted by Consolidated Edison Company of New York, Inc. (the "Company"). The Management Plan establishes the bases upon which certain benefits, including benefits for service prior to January 1, 1983, will be provided to employees of the Company on the management payroll of the Company on or after December 31, 1982, to employees who retired prior to that date as management employees, and to the eligible surviving spouses of such employees. Effective January 1, 1983, the Company has amended The Consolidated Edison Pension and Benefits Plan (the "Weekly Plan"), which has heretofore included as participants the employees to be covered by the Management Plan. The Weekly Plan has been amended so as to avoid duplication of benefits and coverage. The Management Plan and the Weekly Plan, as amended, make provision for employees who transfer from the management to the weekly payroll, or vice-versa.

The Management Plan is intended to qualify under the requirements of the Internal Revenue Code and to comply with the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), any amendments thereto and regulations thereunder;

with the provisions of the Age Discrimination in Employment Act Amendments of 1978, any amendments thereto and regulations thereunder; and any other applicable Federal law and regulations.

Effective as of January 1, 1988, the Management Plan is amended to provide service and benefit accrual beyond Normal Retirement Age, and to permit persons becoming Employees after age sixty (60) to participate in the Management Plan and become entitled to a pension upon attaining Normal Retirement Age. Such amendments have retroactive effect for all eligible Employees who terminate their employment with the Company during or after the month of December 1987. However, the rights of Employees who terminate employment with the Company prior to December 1987 shall be determined solely by the provisions of the Management Plan in effect on the date of their termination.

The Management Plan is amended and restated in its entirety, as amended through December 28, 1994. Except as otherwise provided herein, this amendment and restatement is effective as of January 1, 1994, and applies to Employees who have Management Service on or after that date. Except as so provided, the rights and benefits of other Employees shall be governed by the prior provisions of the Management Plan.

12/28/94

2. DEFINITIONS AND GUIDE TO CONSTRUCTION

A. Definitions

Accredited Service - (a) for service prior to January 1, 1976, the period of employment by the Company and (b) for service after December 31, 1975, either: (1) the aggregate period of employment by the Company prior to Normal Retirement Date for Employees who terminate such employment prior to December 1987, or (2) the aggregate period of employment by the Company to retirement or other termination for Employees who terminate such employment during or after December 1987; provided, however, that, unless a Cash-Out or an immediate pension is elected, a period between cessation of active employment with the Company by reason of Disability and the earlier of the end of the Disability or the attainment of Normal Retirement Age shall also be included in Accredited Service.

Annual Basic Straight-Time Compensation - The Employee's regular stated rate of pay in the Employee's last pay period in each calendar year, but shall not include premium payments, overtime payments, payments under deferred compensation, incentive or other Company benefit or compensation plans, or similar payments. In the case of an hourly paid Employee, the Annual Basic Straight-Time Compensation will be determined by multiplying the Employee's hourly rate by the Employee's regular weekly schedule of hours multiplied by fifty-two (52). Annual Basic Straight-Time Compensation shall be determined without any deduction for "Pre-Tax Contributions" or "After-Tax Contributions" made by the Employee pursuant to the Con Edison Thrift Savings Plan for Management Employees or for allocations made by or on behalf of the Employee to a Dependent

Care Reimbursement Account and/or a Health Care Reimbursement Account pursuant to the Con Edison Flexible Reimbursement Account Plan. However, effective on and after January 1, 1989 and before January 1, 1994, Annual Basic Straight-Time Compensation taken into account for any purpose under the Management Plan shall not exceed $200,000 per year. Except as provided below, as of January 1 of each calendar year on and after January 1, 1990 and before January 1, 1994, the applicable limitation as determined by the Commissioner of Internal Revenue for that calendar year shall become effective as the maximum Annual Basic Straight-Time Compensation to be taken into account for Management Plan purposes for that calendar year only in lieu of the $200,000 limitation set forth above. Commencing with the Plan Year beginning in 1994, Annual Basic Straight-Time Compensation taken into account for any purpose under the Management Plan shall not exceed $150,000. If for any calendar year after 1994, the cost-of-living adjustment described in the following sentence is equal to or greater than $10,000, then the limitation (as previously adjusted hereunder) for any Plan Year beginning in any subsequent calendar year shall be increased by the amount of such cost-of-living adjustment, rounded to the next lowest multiple of $10,000. The cost-of-living adjustment shall equal the excess of (i) $150,000 increased by the adjustment made under Section 415(d) of the Code for the calendar year except that the base period for purposes of Section 415(d)(1)(A) of the Code shall be the calendar quarter beginning October 1, 1993 over (ii) the annual dollar limitation in effect for the Plan Year beginning in the calendar year.

In determining the Annual Basic Straight-Time Compensation of an Employee for purposes of the aforementioned limitations, if any individual is a member of the family of a 5-percent owner or of a Highly Compensated Employee in the group

consisting of the 10 Highly Compensated Employees paid the greatest compensation during the year, then (i) such individual shall not be considered as a separate employee and (ii) any Annual Basic Straight-Time Compensation paid to such individual (and any applicable benefit on behalf of such individual) shall be treated as if it were paid to (or on behalf of) the 5-percent owner or Highly Compensated Employee; provided, however, that the aforementioned term "family" shall include only the spouse of the Employee and any lineal descendants of the Employee who have not attained age 19 before the close of the year. If, as a result of the application of the foregoing family aggregation rules, the applicable limitation is exceeded, then the limit shall be prorated among the affected individuals in proportion to each such individual's Annual Basic Straight-Time Compensation as determined hereunder prior to the application of the limit.

Annuity - A payment made monthly for the life of the recipient.

Annuity Starting Date - Unless the Management Plan expressly provides otherwise, the first day of the first period for which an amount is due as an annuity or in any other form.

Beneficiary - A lawful spouse of a married Participant or one or more eligible persons duly designated by a Participant, who is, are or may become eligible for benefits under the Management Plan.

Benefit Accrual Computation Period - The Plan Year beginning January 1, 1976 and on each January 1st thereafter.

Break in Service - A period of 12 or more consecutive months, commencing on a Participant's date of Severance from Service and ending on the first anniversary of such date, during which the Participant fails to perform an Hour of Service. Upon incurring a Break in Service, a Participant's benefits under this Plan shall be determined using his Accredited Service at the time the Break in Service is incurred.

Cash-Out - The lump sum distribution, prior to Normal Retirement Date at the election of the Participant, of the actuarial equivalent of one hundred percent (100%) of his nonforfeitable accrued pension benefits under the Management Plan.

Code - The Internal Revenue Code of 1986, as amended from time to time.

Defined Benefit Plan - A "defined benefit plan" as defined in Section 414(j) of the Code which is maintained by the Company for Employees.

Defined Contribution Plan - A "defined contribution plan" as defined in Section 414(i) of the Code which is maintained by the Company for Employees.

Disability - Total and permanent disability which qualifies the Participant to receive Social Security disability benefits.

Employee - Any person employed by the Company.

Final Average Salary - The average of Annual Basic Straight-Time Compensation, to the nearest whole dollar, for the sixty (60) consecutive months of Accredited Service out of the

last one hundred twenty (120) months of Accredited Service which produce the highest average. For purposes of this definition only, a Break in Service shall be ignored and months of Accredited Service separated by a Break in Service shall be deemed consecutive.

Highly Compensated Employee - An Employee classified as a highly compensated employee as determined under Section 414(q) of the Code and any regulations thereunder. Notwithstanding the foregoing, for each Plan Year the Plan Administrator may elect to determine the status of Highly Compensated Employees under the simplified snapshot method described in IRS Revenue Procedure 93-42.

Hour of Service - Each Employee will be credited with an hour of service for:

(1) (a) Each hour for which an Employee is directly or indirectly paid or entitled to payment by the Company for the performance of duties and as provided for in paragraph 8 C. These hours shall be credited to the Employee for the computation period or periods in which the duties are performed; and

(b) Each hour for which an Employee is directly or indirectly paid or entitled to payment by the Company for reasons (such as vacation, sickness or disability) other than for the performance of duties. These hours shall be credited to the Employee for the computation period or periods in which payment is made or amounts payable to the Employee become due; and

(c) Each hour for which back pay, irrespective of mitigation of damage, has been either awarded or agreed to by the Company. These hours shall be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment was made; and

(2) the following equivalencies shall be used for the purpose of crediting hours of service for those Participants for whom hours of service are not maintained:

(a) one day of employment equals ten (10) Hours of Service

(b) one week of employment equals forty-five (45) Hours of Service

(c) one month of employment equals one hundred and ninety (190) Hours of Service.

For purposes of crediting hours for non-performance of duties, such hours shall be credited in accordance with Department of Labor Regulation 2530. 200 b - 2 (c).

Layoff (or laid off) - As used in the Management Plan, shall mean the separation of an Employee from the active payroll for lack of work or such other reason, in no way the fault of the Employee, as may be determined by the Company.

Leased Employee - Any person who in accordance with an agreement between the Company and any other person has performed services of a type historically performed by employees in the public utility industry, on a substantially full-time basis for a period of at least one year. A Leased Employee shall be treated as an employee of the Company but shall not be eligible for participation in the Management Plan.

Management Employee - An Employee on the Company's management payroll.

Management Service - (a) Accredited Service as a Management Employee on or after January 1, 1983.

(b) Accredited Service prior to January 1, 1983 by an Employee who was a Management Employee on December 31, 1982.

(c) Accredited Service prior to termination by an Employee whose employment by the Company terminated prior to January 1, 1983 and who was a Management Employee at the time of such termination.

1983-1989 Participants - (a) Participants in the Management Plan who (i) were first hired by the Company on or after January 1, 1983 and (ii) were on the Company's active payroll at any time during the period from January 1, 1989 through December 31, 1989, and (b) Participants who (i) were first hired by the Company on or after January 1, 1983, (ii) were on the Company's active payroll at any time, and terminated with vested rights, during the period from January 1, 1989 through December 31, 1989, and (iii) are thereafter reemployed and either

regain their vested rights pursuant to paragraph 5 F or did not begin to receive a pension hereunder prior to such reemployment.

Normal Retirement Age - The later of the Participant's attaining age sixty-five (65) and the fifth anniversary of the Participant's participation in the Management Plan.

Normal Retirement Date - The first day of the month immediately following the later of the Participant's attainment of age sixty-five (65) and the fifth anniversary of the

Participant's participation in the Management Plan.

One Year Break in Service - Any Vesting Computation Period in which a Participant has not completed more than 500 Hours of Service.

Participant - Effective January 1, 1988, an Employee, or a former Employee with a vested right, who is or becomes eligible for benefits under the Management Plan.

Pension - A payment made monthly for life to an eligible Participant.

Plan Year - A twelve month period beginning January 1, 1976 and on each January 1st there- after.

Post-1989 Participants - Participants in the Management Plan who are first hired by the Company on or after January 1, 1990.

Pre-1983 Participants - (a) Participants in the Management Plan who were in the employ of the Company on December 31, 1982 and were on the Company's active payroll at any time during the period from January 1, 1989 through December 31, 1989, and (b) Participants who terminated with vested rights prior to December 31, 1982, are reemployed after the date, and either

regain their vested rights pursuant to paragraph 5 F or did not begin to receive a pension hereunder prior to such reemployment.

Projected Retirement Date - For Participants whose age plus Accredited Service total at least seventy-five (75) at date of retirement or termination, the later of:

(a) The first day of the month following actual retirement or termination.

(b) The first day of the month following attainment of age sixty-two (62).

For Participants whose age plus Accredited Service total less than seventy- five (75) at date of retirement or termination, Projected Retirement Date is the first day of the month following attainment of age sixty-five (65).

Projected Service - The total of all Management Service for a Participant assuming he continued in employment with the Company as a Management Employee to Projected Retirement Date.

Service - Service as an Employee.

Severance from Service - The earlier of:

(a) the date on which an Employee quits, is discharged, retires or dies, and

(b) the date 12 months following the first date on which an Employee is absent for any reason other than quit, discharge, retirement or death.

Social Security Benefit - The estimated amount of annual primary insurance benefit payable at age sixty-five (65) under Title II of the Federal Social Security Act, as determined under reasonable rules uniformly applied in accordance with the terms of the Management Plan, on the basis of such Act as in effect at the time of retirement or other termination, to which a Participant is or would be entitled, even if the Participant does not receive such benefit because of his failure to apply or because he is ineligible by reason of earnings he may be receiving. In determining the Participant's Social Security Benefit in the event of retirement or termination at or after age sixty-two (62), it shall be assumed that the Participant has no further covered earnings after termination of employment. In determining the Participant's Social Security Benefit in the event of retirement or termination prior to age sixty-two (62), it shall be assumed that the Participant continued in service to age sixty-five (65) at his or her Annual Basic Straight-Time Compensation at the termination of the Participant's employ- ment with the Company. If a cost-of- living increase in Social Security benefits has been put into effect within the 12-month period preceding the date of determination and such increase exceeds 3%, it is assumed that the increase is being phased in over 12 months, beginning with the effective date of the increase, at the rate of 1/12th of the increase per month. Actual earnings reported on Form W-2 shall be used for calculating each Participant's Social Security Benefit. For Participants whose actual W-2 earnings are not available the Plan Administrator shall adopt and utilize rules and procedures for estimating such earnings, provided, however, that any backwards salary scale projection shall utilize a level percentage per year of not less

than 6%. All Participants shall be notified of their right to provide their actual salary history from the Social Security Administration, and of their right to have their benefits adjusted to reflect a Social Security Benefit based on actual salary history. Such notice shall also advise Participants that their Social Security Benefit will be based on salary estimates calculated by the Company, if they fail to provide actual salary history. This notice shall be included in the Summary Plan Description of the Management Plan, and shall also be furnished to each Participant not later than the later of his Severance from Service or notification to the Participant of his benefits.

Social Security Retirement Age - Social Security Retirement Age means age 65 in the case of a Participant born before January 1, 1938, age 66 for a Participant born after December 31, 1937 but before January 1, 1955, and age 67 for a Participant born after December 31, 1954.

Social Security Taxable Wage Base - The contribution and benefit base in effect under Section 230 of the Social Security Act at the beginning of the Plan Year in which the Participant's termination of employment occurs.

Total Salary - The aggregate of the Annual Basic Straight-Time Compensation, to the nearest whole dollar, of an Employee for his years of Management Service, not to exceed the last thirty (30) years of employment, provided, however, that only years of employment prior to Normal Retirement Date shall be included for this purpose in the case of an Employee who terminates employment with the Company prior to December 1987. The Annual Basic Straight-Time Compensation for any period of Management Service shall be considered to be not less than such

compensation as was applicable to the Employee for the fourteenth (14th) accredited calendar year prior to the calendar year of his retirement, but in no event less than three thousand dollars

($3,000); and for an Employee whose Annual Basic Straight-Time Compensation at the time of retirement is at a rate of three thousand dollars ($3,000) or less, the Annual Basic Straight-Time Compensation for any period of Management Service shall be considered to be not less than an annual amount determined at the rate of his Annual Basic Straight-Time Compensation at the time of retirement.

Vesting Computation Period - The Plan Year beginning January 1, 1976 and on each January 1st thereafter.

Vesting Service - Year of Vesting Service - A Plan Year during which an Employee has completed at least 1000 Hours of Service, or as provided in paragraph 8 A(1)(b).

Weekly Employee - An Employee on the Company's weekly payroll.

Weekly Service - Accredited Service other than Management Service.

B. Guide to Construction

(1) The masculine gender, where appearing in the Management Plan, shall be deemed to include the feminine gender.

3. PARTICIPATION

A. Application of the Management Plan

If the effective date of a Participant's retirement, as determined under paragraph 9, shall be prior to January 1, 1983, the benefits to which the Participant shall be entitled shall be determined under The Consolidated Edison Pension and Benefits Plan as amended through December 31, 1982. The benefits to which

all other Participants shall be entitled shall be determined under the Management Plan as in effect at the time of the Participant's termination of employment, and such benefits shall not be affected by the terms of any amendments to the Management Plan adopted or effective after the Participant's termination of employment unless otherwise expressly provided by the amendment or otherwise required by law.

B. Maximum Age for Participation

Effective January 1, 1988, there is no maximum age at which an Employee may commence participation in the Management Plan. Any Employee who is on the Company's Management payroll on January 1, 1988 shall be a Participant in the Management Plan for all purposes with respect to all service with the Company before, on and after January 1, 1988, regardless of such Employee's age at the time his employment commenced.

4. MANDATORY RETIREMENT

Any Employee who is exempt from the provisions of The Age Discrimination in Employment Act of 1967, as heretofore and hereafter amended (because he or she is employed in a bona fide executive or a high policy making position and otherwise satisfies the conditions permitting exemption), may be mandatorily retired from the service of the Company after attaining Normal Retirement Age, and each such Employee's Mandatory Retirement Date shall be his Normal Retirement Date.

Each Employee not subject to the foregoing paragraph who shall attain age 70 on or before December 31, 1985 shall be retired from Service on the last day of the month in which age 70 is attained, and each such Employee's Mandatory Retirement Date shall be the first day of the month following his attainment of age 70.

5. ELIGIBILITY FOR A RETIREMENT PENSION

A. Retirement at Age 60 or Later

A Participant who shall have completed such years of Accredited Service which when added to his years of age total not less than seventy-five (75), and who shall have attained the age of 60 years, shall, upon filing a written application with the Company, be retired hereunder from the service of the Company and be entitled to a pension computed in accordance with paragraph 10 B(1). Such election shall not be revocable on or after the Participant's Annuity Starting Date.

B. Early Optional Retirement

A Participant who shall have attained an age which when added to his years of Accredited Service shall total not less than seventy-five (75) shall, upon filing a written application with the Company, be retired from the service of the Company and be entitled to a pension computed in accordance with paragraph 10 B(2). Such election shall not be revocable on or after the Participant's Annuity Starting Date.

C. Retirement or Termination for Disability

(1) A Participant, prior to having attained Normal Retirement Age, whose active employment with the Company ceases because of Disability, shall be eligible for a deferred pension beginning at Normal Retirement Age if the Participant was a Management Employee at the time of such cessation. Such pension will be determined as if such Participant had been continuously employed as a Management Employee for the period from such cessation to the earlier of the end of the Disability or Normal Retirement Age at the Annual Basic Straight-Time Compensation in effect during the last pay period prior to such cessation. A Participant who is eligible for a deferred pension under this paragraph 5 C(1) may, if eligible, instead elect a benefit under paragraph 5 C(2).

(2) A Participant who becomes disabled, but does not qualify for Social Security disability benefits may, if the Company shall so determine, be retired or terminated from the service of the Company. (i) Effective September 1, 1992, if such Participant becomes disabled after attaining age fifty (50) and completing at least twenty (20) years of Service, such Participant shall be entitled to an immediate pension calculated under paragraph 10 B. based upon Total Salary or Final Average

Salary, as the case may be, and years of Accredited Service to the date of retirement or termination for disability, but without reduction because such pension shall commence earlier than age sixty (60). (ii) If such disabled Participant is not entitled to an unreduced pension under (i), the Participant may be eligible for a disability annuity pursuant to paragraph 10 B(3) or a deferred pension (or a Cash-Out of his deferred pension) depending on his age and years of Accredited Service, as hereinafter provided.

D. Termination of Service in the Discretion of the Company and Voluntary Termination

A Participant who acquires a vested right to his accrued pension prior to having attained Normal Retirement Age, and who terminates voluntarily or whose service is terminated by the Company will be eligible for a pension if his age plus years of

Accredited Service shall total not less than seventy-five (75), or a deferred pension (or a Cash-Out of his deferred pension) if his age plus years of Accredited Service shall total less than seventy-five (75).

E. Cash-Out of Deferred Pension

A Participant whose age plus years of Accredited Service equal less than seventy-five (75) and who on termination of service with the Company has vested rights, may, in lieu of a deferred pension, elect a Cash-Out or an immediate annuity of the value of his pension payable at the attainment of Normal Retirement Age. A Participant who elects a Cash-Out and who is married at the time of his Annuity Starting Date must provide his spouse's written consent to the Cash-Out, on a form furnished by the Plan Administrator which consent must be witnessed by a Notary Public. Any such election of a Cash-Out or an immediate annuity and any spousal consent must be made not more than 90 days nor less than 30 days before the Participant's Annuity Starting Date.

F. Repayment of Cash-Out

A Participant who has Cashed-Out his vested rights and is subsequently reemployed may regain his vested rights for the period of Service on which the Cash-Out was based by paying to the trust the full amount of such Cash-Out with interest at the rate of interest used for actuarial valuation of the Management Plan at the time of the Cash-Out, compounded annually from the date of Cash-Out to the date of repayment. However, in no event shall such interest rate exceed 120% of the Federal mid-term rate in effect at the beginning of the Plan Year in which the repayment is made. Such Participant may make all or part of such repayment by making a rollover contribution, as defined in Section 408(d)(3) of the Code, of cash only from an Individual Retirement Account and/or a transfer of cash only from another plan qualified under Section 401(a) of the Code.

Vested right for any of such prior Service will be suspended until the Cash-Out is fully repaid. However, any of the years of Accredited Service following reemployment will be vested.

G. Age and Service Required for a Retirement Pension

Except as otherwise provided under paragraph 5 C, only a Participant whose age plus years of Accredited Service equals not less than seventy-five (75) or a Management Employee who attains Normal Retirement Age shall be entitled to retire and receive a retirement Pension under the Management Plan. For any purposes

under the Management Plan for which it is necessary to determine whether a Participant's age plus years of Accredited Service

equals seventy-five (75) or more, the Participant's age and years of Accredited Service shall each be rounded to the nearest whole number.

H. Entitlement to Retirement Benefits

A Participant shall become one hundred percent (100%) nonforfeitably vested in his accrued benefits upon his attainment of Normal Retirement Age, regardless of his Years of Vesting Service at that time.

6. SURVIVING SPOUSE BENEFITS; OPTIONAL TEN YEAR CERTAIN PENSION

A. Joint & Survivor Annuity

Each Participant who retires under the Management Plan shall be entitled to receive a Pension calculated under paragraph 10 and upon such retired Participant's death, his surviving spouse, if any, who meets the requirements set forth in paragraph 6 C. below shall be entitled to receive an Annuity commencing the first day of the month following the death. The amount of the Annuity shall be calculated under paragraph 10 B(4) unless the Participant has elected the Optional Ten Year Certain Pension provided below. There shall be no reduction in the Participant's Pension to provide the surviving spouse Annuity.

B. Preretirement Surviving Spouse Benefits

(i) The surviving spouse of a Participant on the active payroll or on leave of absence for any reason whose age together with years of Accredited Service total seventy-five (75) or more, and the surviving spouse of a Participant who is a former Employee eligible for an immediate Pension under paragraph 5 D or 5 G, shall be entitled to receive a preretirement survivor Annuity upon the death of the Participant before commencement of a Pension. The amount and commencement of payment of the preretirement survivor Annuity shall be determined as provided under paragraph 10 B(5)(i).

(ii) The surviving spouse of a Participant on the active payroll or on leave of absence for any reason whose age together with years of Accredited Service total less than seventy-five (75), and the surviving spouse of a Participant who is a former Employee eligible for a deferred pension under paragraph 5 D and whose age at death together with years of Accredited Service total less than seventy-five (75), shall be entitled to receive the preretirement survivor benefit as provided under paragraph 10 B(5)(ii).

(iii) For purposes of calculating the preretirement surviving spouse benefits provided under paragraphs 6 B(i) and

(ii) above, there shall be no reduction in the amount of the deceased Participant's Pension which is the basis for such calculation.

C. Marriage Requirements for Surviving Spouse Benefits

(a) In order to qualify for a survivor Annuity upon the death of a retired Participant who has commenced to receive a Pension under the Management Plan, a spouse must have been lawfully married to the retired Participant on the Participant's Annuity Starting Date and must survive the retired Participant.

(b) In order to qualify for a preretirement survivor benefit under paragraph 6 B above, a deceased Participant's spouse must have been lawfully married to the deceased Participant on the date of death, and must survive the deceased Participant.

(c) The Plan Administrator may request evidence of marriage from any surviving spouse, and payments of surviving spouse benefits shall not commence until satisfactory evidence is provided by or on behalf of the surviving spouse.

D. Optional Ten Year Certain Pension For Unmarried Retirees

Effective February 1, 1988, a Participant who is not married may elect to receive his Pension in the form of a ten year certain option. Such election must be made not less than 30 days nor more than 90 days prior to the Participant's Annuity Starting Date and must be in writing on a form furnished by and filed with the Plan Administrator. A ten year certain option provides for the life of the Participant a Pension reduced by the appropriate factor in Table C, but guarantees that a minimum of one hundred twenty (120) monthly payments will be made. Any of such one hundred twenty (120) payments which are payable after the Participant's death shall be paid to one or more Beneficiaries designated by such Participant, or to the Participant's estate if the Participant has failed to designate a Beneficiary or has failed to designate a new Beneficiary when the designated Beneficiary predeceases the Participant. The Participant's estate shall also receive any of the 120 guaranteed payments which remain to be paid following the death of all designated Beneficiaries. If the Participant's estate is to receive any payments under this paragraph 6 D, the Management Plan may, upon request of the legal representative of the estate, pay to the estate the present value of all remaining payments, discounted by the rate utilized to calculate the factors set forth on Table C as in effect on the date of Participant's death.

The Participant's election to take the ten year certain

option may be revoked at any time up to, but not after, his Annuity Starting Date, and shall automatically be revoked if he marries prior to his Annuity Starting Date. The Participant's election of the ten year certain option shall become effective on the Participant's Annuity Starting Date. If the Participant dies before his Annuity Starting Date, the ten year certain option will not become effective.

E. Optional Ten Year Certain Pension For Married Retirees

Effective July 1, 1988, a Participant who is married may elect to receive his Pension in the form of a ten year certain option. Such election must be made not less than 30 days nor more than 90 days prior to the Participant's Annuity Starting Date and must be in writing on a form furnished by and filed with the Plan Administrator, and must include the written consent of the Participant's spouse witnessed by a Notary Public. This option provides for the life of the married Participant a Pension reduced by the appropriate factor in Table D, but guarantees that a minimum of one hundred twenty (120) monthly payments will be made. Any of such 120 payments which are payable after the Participant's death shall be paid to the Participant's spouse and, if such spouse does not survive for the full ten years following the Participant's Annuity Starting Date, to one or more Beneficiaries designated by such Participant. If the Participant's spouse dies before all of the 120 payments have

been made and the Participant has failed to designate a Beneficiary, or if the Participant's spouse and all designated Beneficiaries die before all of the 120 payments have been made, any of the 120 payments remaining after the Participant's death shall be paid to the Participant's estate. If the Participant's estate is to receive any payments under this paragraph 6 E, the Management Plan may, upon request of the legal representative of the estate, pay to the estate the present value of all remaining payments, discounted by the rate utilized to calculate the factors set forth on Table D as in effect on the date of the Participant's death.

At the end of ten years following the married Participant's Annuity Starting Date, the guarantee of one hundred twenty payments shall expire, whether or not any payments have been made to the Participant's spouse and/or Beneficiaries. However, if the Participant and/or the Participant's spouse survive for more than ten years after the Participant's Annuity Starting Date and such spouse survives the Participant, such spouse shall receive for life, commencing after the later of the expiration of ten years after the Participant's Annuity Starting Date or the Participant's death, a surviving spouse annuity equal to fifty percent of the reduced ten year certain Pension elected by the Participant with the spouse's consent in accordance with this paragraph 6 E.

The Participant's election to take the ten year certain option may be revoked at any time up to, but not after, his Annuity Starting Date. The Participant's election of the ten year certain option shall become effective on the Participant's Annuity Starting Date. If the Participant dies before his Annuity Starting Date, the ten year certain option will not become effective.

F. Optional Ten Year Certain Pension For Former Participants Eligible For Deferred Pensions Under Paragraph 5 C(1)

Effective July 1, 1988, a Participant who is eligible for a deferred Pension under paragraph 5 C(1) may elect to receive his Pension in the form of a ten year certain option. Such election must be made not less than 30 days nor more than 90 days prior to the Participant's Annuity Starting Date and must be in writing on a form furnished by and filed with the Plan Administrator, and, if the Participant is married at the time the election is made, must include the written consent of the Participant's spouse witnessed by a Notary Public. This option provides for the life of the Participant a Pension reduced by the appropriate factor in Table C for an unmarried Participant or Table D for a married Participant, but guarantees that a minimum of one hundred twenty (120) monthly payments will be made commencing in the month following the Participant's retirement or death. Any of such 120 payments which are payable after the Participant's death shall be paid as provided in paragraph 6 D if the Participant was not married at the time Annuity Starting Date or as provided in paragraph 6 E if the Participant was married at the Annuity Starting Date. If the Participant's estate is to receive any payments under this paragraph 6 F, the Management Plan may, upon request of the legal representative of the estate, pay to the estate the present value of all remaining payments, discounted by the rate utilized to calculate the factors set forth on Table C or Table D (whichever Table is applicable) as in effect on the date of the Participant's death.

The Participant's election to take the ten year certain option may be revoked at any time up to, but not after, his Annuity Starting Date, and shall automatically be revoked if he marries prior to his Annuity Starting Date, unless the

Participant's spouse consents to the election. The Participant's election of the ten year certain option shall become effective on the Participant's Annuity Starting Date. The election shall become irrevocable upon the Participant's Annuity Starting Date, and the amount of the reduced Pension shall be determined as of the Participant's Annuity Starting Date. If the Participant dies before the Annuity Starting Date, the ten year certain option will not become effective.

7. VESTING

A. Vested Rights

In addition to vesting rights described in paragraph 5 H, a Participant who completes five (5) or more years of Vesting Service will have a nonforfeitable right of one hundred percent (100%) of his accrued pension payable at or after his Normal Retirement Date.

B. Accrued Pension

The accrued pension is a pension which is or would be payable, based on the Employee's Final Average Salary, or Total Salary, as the case may be, and years of Accredited Service as of the date the computation is made.

C. Conditions Under Which Vested Benefits Will Not Be Paid

In no event will a Participant receive a deferred monthly pension if:

(a) He dies before retirement and his spouse is not entitled to benefits under paragraph 6, or

(b) He has received a Cash-Out from the Management Plan.

If a Participant entitled to a deferred pension, or a Beneficiary, fails to make application for a deferred pension or a related benefit on or before the date when either the Participant or Beneficiary would otherwise be entitled to the benefit, no payment will commence before application is made, but no such failure to make an application shall result in the forfeiture of any deferred pension or benefit.

8. SERVICE CREDIT

A. Determination of Vesting Service

Vesting Service shall be determined as follows:

1. (a) Prior to January 1, 1976

Within each calendar year the number of months that the Employee is employed by the Company in other than a temporary status will be added and if the total number of months is six (6) or more, the Employee will be credited with one (1) year of Vesting Service. A fraction of a month will be counted as one (1) month.

(b) After December 31, 1975

In accordance with the definition of Vesting Service, paragraph 2 A of the Management Plan, or if more favorable to the Participant, one year of Vesting Service if the Participant is employed by the Company in continuous employment during any

calendar year for six months during the year.

2. The retention or loss of Vesting Service because of Breaks in Service shall be determined in accordance with paragraph 8 D.

B. Determination of Accredited Service for Computation of a Pension

1. (a) For Service Prior to January 1, 1976

Accredited Service for the computation of pension will be the total of the months and years of service the Employee was continuously in the employ of the Company in other than a temporary status. For the purpose of determining service credit, a fraction of a month will be credited as one (1) month. Each period of Accredited Service will be added and the total of such service will be used in computing the pension.

(b) For Service After December 31, 1975

1. The aggregate period of employment to the date of Severance from Service, subject to the Rule of Parity provisions in paragraph 8 D. In addition, if an Employee incurs a Severance from Service by reason of a quit, discharge or retirement and subsequently performs an Hour of Service, the period of severance shall not be counted as Accredited Service.

2. Employees who have acquired five (5) years of Accredited Service shall be credited with all additional years and months of service with the Company regardless of a subsequent Break in Service. However, no period constituting a period of severance will be included in the period of Accredited Service for computation of a pension.

3. If an allowance has been paid under the provisions of the Company's former Pension Plan for Retirement for Age or the Company's former Employees Security Plan (the "plans"), based upon Accredited Service performed prior to August 1, 1975 and such period of Accredited Service is included in the computation of a pension under the Management Plan, the actuarial present value of the pension so computed will be reduced by the total of such allowance payments. The resulting present value, as so reduced, of the pension will be the basis for determining the monthly pension.

4. The application of the foregoing provisions solely as they pertain to Accredited Service prior to the effective date of the Management Plan shall not be interpreted so as to reduce the years and months of Accredited Service which would have been used in the computation of the Employees's pension under the provisions of the plans.

5. The effect of a Cash-Out of vested rights on Accredited Service will be to deny credit for such Accredited Service until the Cash-Out is fully repaid, as provided in paragraph 5 F.

6. A Participant receiving a pension or annuity under the Management Plan or the plans will, if reemployed after August 1, 1975, continue to receive such pension or annuity payments during the period of employment. Upon subsequent retirement, there will be payable to such participant an addition to his pension or annuity based on the service accredited from the date of reemployment. Pension or annuity payments suspended under the

provisions of the plans applicable to employees who were reemployed prior to August 1, 1975 shall continue to be suspended and shall otherwise be subject to the provisions of the plans and Title 29 of the Code of Federal Regulations, Section 2530.203-3.

C. Other Service Recognized for Vesting or Computation of a Pension

Accredited Service and Vesting Service shall include periods of interruptions in service due to:

1. To the extent required by law, active military, naval, marine or related service of the United States or the State of New York, or leaves of absence granted pursuant to Company policy for World War II defense employment (1941-1946);

2. Absence because of illness under sick leave granted; or

3. Absence under leave granted for any other reason, for time not exceeding a total of six (6) months.

D. Additional Rules for Accumulation of Service Credit

For purposes of this paragraph 8 D, a "period of severance" means a continuous period of time during which an individual is not on the active payroll of the Company, which period shall commence upon such individual's Severance from Service. The following rules shall govern crediting of Service under the Management Plan:

(i) For purposes of determining an Employee's initial or continued eligibility to participate in the Management Plan or his nonforfeitable right to a Pension, an Employee will receive credit for the aggregate of all time period(s) commencing with the Employee's first day of employment or reemployment by the Company and ending on the date a Break in Service begins, except for the periods of Service which may be disregarded on account of the "rule of parity" described in subsection (iii). The first day of such employment or reemployment is the first day the Employee performs an Hour of Service.

(ii) In the case of an individual who is absent from work for maternity or paternity reasons or for reasons covered by the Family and Medical Leave Act of 1993 ("FMLA"), the period up to the first anniversary of the first day of such absence shall constitute Service for purposes of vesting and eligibility for benefits under the Management Plan, but shall not constitute Service for accrual or computation of such benefits. If such period of absence for maternity or paternity or FMLA reasons extends beyond the first anniversary of the first day of such absence, the period up to the second anniversary shall constitute neither Service nor a Break in Service, and any further absence shall constitute a period of severance and a Break in Service commencing on such second anniversary. For purposes of this paragraph, (x) an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the Employee (2) by reason of the birth of a child of the Employee (3) by reason of the placement of a child with the Employee in connection with the adoption of such child by the Employee or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement, and (y) an absence for reasons covered by the FMLA means (1) for the birth of a child or the placement of a child with the Employee for adoption

or foster care, (2) for purposes of caring for a spouse, child or parent with a serious health condition, or (3) for the Employee's own serious health condition, pursuant to the FMLA and regulations thereunder.

(iii) In the case of a Participant who has 5 or more consecutive one year Breaks in Service the following "rule of parity" shall apply:

(a) all Service after such Breaks in Service will be disregarded for the purpose of vesting any benefits accrued before such Breaks in Service.

(b) the Participant's pre-break Service will count in vesting benefits accruing after the Break in Service, only if either:

(1) such Participant had a vested right to a Pension at the beginning of the Break in Service; or

(2) upon returning to Service the number of consecutive one year Breaks in Service is less than the number of years of Service.

Pre-break Service which, under this "rule of parity", is not required to be counted for vesting purposes following a particular Break in Service, shall not be counted for such purposes following any subsequent Break in Service.

The foregoing notwithstanding, a Participant shall not lose Vesting Service accrued prior to a Break in Service if the Break in Service resulted from layoff or disability (whether or not constituting Disability as defined in paragraph 2 A of the Management Plan).

9. EFFECTIVE DATE OF RETIREMENT AND COMMENCEMENT OF BENEFIT PAYMENTS

A. The effective date of a Participant's retirement and, unless the Participant shall elect otherwise, the date benefit payments commence, shall be the first day of the calendar month next following the effective date of the separation of the Participant from the active payroll, except that, in the case of Participant entitled to a deferred pension under paragraph 5 C(1) because of Disability, the effective date of retirement and the date benefit payments commence shall be such Participant's Normal Retirement Date.

B. Except as otherwise provided in the Management Plan, benefit payments shall commence not later than the 60th day after the close of the Plan Year in which the later of the following events occurs: (a) the Participant attains his Normal Retirement Date or (b) the termination of the Participant's service with the Company. If a Participant's Service continues after his Normal Retirement Date and such Service constitutes Section 203(a)(3)(B) Service (as defined below), the Participant's benefits will be suspended and the Participant shall be notified of the suspension as provided in Title 29, Code of Federal Regulations Section 2530.203-3. In accordance with such regulations, "Section 203(a)(3)(B) Service" shall be determined on a monthly basis and a Participant shall be deemed to be in Section 203(a)(3)(B) Service in any month in which he shall receive payment from the

Company for at least eight days of service during that month. Benefits which are suspended in accordance with this provision

shall be paid for any month in which the Participant is not considered to be in Section 203(a)(3)(B) Service.

C. Notwithstanding the foregoing, a Participant not receiving benefit payments under the Management Plan who attains age 70 1/2 shall commence receiving benefits as set forth below in the form of a life annuity and such commencement shall not be considered the Participant's Annuity Starting Date:

(a) Subject to subdivisions (b) and (c) below, the first day of April of the calendar year following the calendar year in which the Participant attains age 70 1/2.

(b) For a Participant who attains age 70 1/2 before January 1, 1988, the date determined in accordance with (1) and (2) below:

(1) For a Participant who is not a 5 percent owner, the first day of April of the calendar year following the calendar year in which the later of retirement or age 70 1/2 occur.

(2) For a Participant who is a 5 percent owner, the first day of April following the later of (x) the calendar year in which the Participant attains age 70 1/2, or (y) the earlier of the calendar year with or within which ends the Plan Year in which the Participant becomes a 5 percent owner, or the calendar year in which the Participant retires.

(c) The date for a Participant who is not a 5 percent owner and who attains age 70 1/2 during 1988 and who has not retired as of January 1, 1989, is April 1, 1990.

(d) A Participant is treated as a 5 percent owner for purposes of this paragraph 9 C if such Participant is a 5 percent owner (as defined in Section 416(i) of the Code) at any time during the Plan Year ending with or within the calendar year in which such owner attains age 66 1/2 or any subsequent Plan Year.

(e) The benefit of any Participant who commences receiving any benefit payments under the paragraph 9 C and who nonetheless continues to accrue years of Accredited Service shall be adjusted each calendar year as of the last day of such year to account for such accruals; provided, however, that such accruals shall be offset (but not below zero) by the actuarial equivalent of the payments made by the Management Plan during such calendar year.

D. Notwithstanding any provision in the Management Plan to the contrary, all distributions under the Management Plan shall

be made in accordance with the requirements of Section 401(a)(9) of the Code and the regulations thereunder, including the incidental death benefit provisions of Section 401(a)(9)(G) of the Code. The provisions of this Section override any provision of the Management Plan that is inconsistent with Section 401(a)(9) of the Code.

10. COMPUTATION OF BENEFITS

A. Computation of Annual Pension - The annual normal amount of pension payable upon retirement at a Participant's Normal

Retirement Date will be equal to:

1. For Post-1989 Participants:

1.50% of the Participant's Final Average Salary for each year of Management Service up to and including 24 years, plus 2.00% of the Participant's Final Average Salary for each year of the Participant's Management Service from and including the 25th to and including the 30th year,

plus

0.35% of the Participant's Final Average Salary in excess of the Social Security Taxable Wage Base for each year of Management Service up to a maximum of 30 years,

plus

0.50% of the Participant's Final Average Salary for each year of Management Service in excess of 30 years.

2. For 1983-1989 Participants, the greater of:

(a) The pension determined in accordance with paragraph 10 A1. above, or

(b) The pension determined in accordance with the following formula applied as if the Participant had terminated employment on the earlier of the date of the Participant's actual termination of employment or December 31, 1989; provided, however, that for such Participants who are Highly Compensated Employees within the meaning of Section 414(q)(1)(B) of the Code, the formula shall be applied as if the Participant terminated employment on the earlier of the date of the Participant's actual termination of employment or December 31, 1988:

1.833% of the Participant's Final Average Salary for each year of Management Service up to a maximum of 30 years,

minus

1.666% of the Participant's Social Security Benefit for each year of Management Service up to a maximum of 30 years,

plus

0.50% of the Participant's Final Average Salary for each year of Management Service in excess of 30.

3. For Pre-1983 Participants, the greater of:

(a) The pension determined in accordance with paragraph 10 A2. above, or

(b) The pension determined by computing 2.2% of Total Salary, and by increasing the resulting pension by 0.125% for each calendar month of Management Service in excess of 30 years.

B. Computation of Pension, Annuities, or Benefits Based Upon Annual Pension

The following pensions, annuities or benefits as specified, will be based upon the annual pension determined in accordance with paragraph 10 A. In the event a pension, deferred pension or annuity shall have a present value of $3500 or less, such present value shall be paid in a single lump sum to the Participant or surviving spouse in lieu of the pension, deferred pension or annuity; provided, however, that in no event shall the interest rate utilized in determining such lump sum amount exceed the interest rate, either immediate or deferred, utilized by the Pension Benefit Guaranty Corporation on the first day of the month immediately preceding the Participant's Annuity Starting Date for valuing a lump sum distribution upon plan termination.

The following computations apply only to an Employee who terminates with vested rights but whose age when added to his years of Accredited Service at termination is equal to seventy-five (75) or more.

(1) Retirement at Age Sixty (60) or Later

The pension payable to an Employee retiring at age sixty (60) or later will be the amount determined as follows:

(a) For Post-1989 Participants:

(i) 1.50% of the Participant's Final Average Salary for each year of Management Service up to and including 24 years, plus 2.00% of the Participant's Final Average Salary for each year of the Participant's Management Service from and including the 25th to and including the 30th year,

plus

(ii) 0.35% of the Participant's Final Average Salary in excess of the Social Security Taxable Wage Base for each year of Management Service up to a maximum of 30 years, multiplied by the appropriate discount factor in Table E if payment of the benefit commences prior to the Participant's Normal Retirement Age,

plus

(iii) 0.50% of the Participant's Final Average Salary for each year of the Participant's Management Service in excess of 30 years.

(b) For 1983-1989 Participants, the greater of:

(i) The pension determined in accordance with paragraph 10 B(1)(a) above, or

(ii) The pension determined in accordance with the following formula applied as if the Participant had terminated employment on the earlier of the date of the Participant's actual termination of employment or December 31, 1989; provided, however, that for such Participants who are Highly Compensated Employees within the meaning of Section 414(q)(1)(B) of the Code, the formula shall be applied as if the Participant had terminated employment on the earlier of the date of the Participant's actual termination of employment or December 31, 1988:

(x) For Participants retiring at age sixty-two (62) or later 1.833% of the Participant's Final Average Salary for each year of Management Service up to a maximum of 30

years,

minus

1.666% of the Participant's Social Security Benefit for each year of Management Service up to a maximum of 30 years,

plus

0.50% of the Participant's Final Average Salary for each year of Management Service in excess of 30.

(y) For Participants retiring between age sixty (60) and prior to age sixty-two (62) - 1.833% of the Participant's Final Average Salary times Projected Service up to a maximum of 30 years, multiplied by the ratio of actual Management Service to Projected Service, and further multiplied by the appropriate discount factor from column I of Table F,

minus

1.666% of the Participant's Social Security Benefit times Projected Service up to a maximum of 30 years, multiplied by the ratio of actual Management Service to Projected Service, and further multiplied by the appropriate discount factor from column II of Table F,

plus

0.50% of the Participant's Final Average Salary times the years, if any, of Projected Service in excess of 30, multiplied by the ratio of actual Management Service to Projected Service, and further multiplied by the appropriate discount factor from column I of Table F.

(c) For Pre-1983 Participants, the greater of:

(i) The pension determined in accordance with paragraph 10 B(1)(b) above, or

(ii) The pension determined by computing 2.2% of Total Salary, and by increasing the resulting pension by 0.125% for each calendar month of Management Service in excess of 30 years.

(2) Early Optional Retirement and Retirement in the Discretion of the Company

This category applies to a Participant who retires prior to age sixty (60). The pension payable to such a Participant will be the amount determined as follows:

(a) For Post-1989 Participants:

(i) 1.50% of the Participant's Final Average Salary for each year of Management Service up to and including 24 years, plus 2.00% of the Participant's Final Average Salary for each year of the Participant's Management Service from and including the 25th to and including the 30th year, multiplied by the appropriate discount factor in Table A,

plus

(ii) 0.35% of the Participant's Final Average Salary in excess of the Social Security Taxable Wage Base for each year of Management Service up to a maximum of 30 years, multiplied by the appropriate discount factor in Table E,

plus

(iii) 0.50% of the Participant's Final Average Salary for each year of Management Service in excess of 30 years, multiplied by the appropriate discount factor in Table A;

provided, however that the portion of the pension payable under clauses (i) and (iii) above to a Participant who retires at age fifty-five (55) or above and prior to age sixty (60) and who has at least 30 years of Accredited Service at retirement shall not be discounted for retirement below age sixty (60).

(b) For 1983-1989 Participants, the greater of:

(i) The pension determined in accordance with paragraph 10 B(2)(a) above, or

(ii) The pension determined in accordance with the following formula applied as if the Participant had terminated employment on the earlier of the date of the Participant's actual termination of employment or December 31,

1989; provided, however, that for such Participants who are Highly Compensated Employees within the meaning of Section 414(q)(1)(B) of the Code, the formula shall be applied as if the Participant had terminated employment on the earlier of the date of the Participant's actual termination of employment and December 31, 1988:

1.833% of the Participant's Final Average Salary times Projected Service up to a maximum of 30 years, multiplied by the ratio of actual Management Service to Projected Service, and further multiplied by the appropriate discount factor from column I of Table F,

minus

1.666% of the Participant's Social Security Benefit times Projected Service up to a maximum of 30 years,

multiplied by the ratio of actual Management Service to Projected Service, and further multiplied by the appropriate discount factor from column II of Table F,

plus

0.50% of the Participant's Final Average Salary times the years, if any, of Projected Service in excess of 30, multiplied by the ratio of actual Management Service to Projected Service, and further multiplied by the appropriate discount factor from column I of Table F.

(c) For Pre-1983 Participants, the greater of:

(i) The pension determined in accordance with paragraph 10 B(2)(b) above, or

(ii) The pension determined by computing 2.2% of Total Salary, and by increasing the resulting pension by 0.125% for each calendar month of Management Service in excess of 30 years, multiplied by the appropriate discount factor in Table A; provided, however, that the pension payable to a Participant who retires at age fifty-five (55) or above and prior to age sixty (60) and who has at least 30 years of Accredited Service at retirement shall not be discounted for retirement below age sixty (60).

(3) Disability Annuity Prior to Attaining Age Sixty (60)

The Pension payable to a Participant described in paragraph 5 C(2)(i) is the Pension determined in accordance with paragraph 10 B, but without reduction because such Pension shall commence before age sixty (60). The annuity payable to a Participant described in paragraph 5 C(2)(ii) will be equal to the greater of the pension determined in accordance with (x) paragraph 10 B(2)(c)(i) or (y) paragraph 10 B(2)(c)(ii) plus an amount which when added to such pension determined in accordance with paragraph 10 B(2)(c)(ii) will yield an annuity in an amount calculated by reducing the pension determined in accordance with 10 A3(b) by 0.125% for each calendar month (1 1/2% per year) between the Participant's projected date of retirement at age sixty (60) and the date of his retirement for disability.

(4) Joint & Survivor Annuity

A surviving spouse entitled under paragraph 6 A to receive an Annuity upon surviving a deceased retired Participant shall receive an Annuity equal to fifty percent (50%) of the Pension which the deceased Participant had been receiving.

(5) Preretirement Surviving Spouse Benefits

(i) A surviving spouse entitled under paragraph 6 B(i) to receive an Annuity shall receive an Annuity equal to fifty percent (50%) of the Pension which the deceased Participant would have begun receiving if such Participant had terminated employment on the date of death and had applied for a Pension commencing on the first day of the month following the death.

Payment of the Annuity shall commence on the first day of the month following the death unless the surviving spouse elects a later commencement date.

(ii) A surviving spouse entitled under paragraph 6 B(ii) to receive a preretirement survivor benefit shall receive an immediate lump sum payment equal to fifty percent (50%) of the Cash-Out the deceased would have received if he had terminated on the date of death and elected a Cash-Out; provided, however, that in no event shall the interest rate utilized in determining such lump sum amount exceed the interest rate, either immediate or deferred, utilized by the Pension Benefit Guaranty Corporation on the first day of the month immediately preceding the Participant's Annuity Starting Date for valuing a lump-sum distribution upon plan termination. If the lump sum amount

exceeds $3,500, the surviving spouse must consent to the lump sum payment in writing on a form provided by the Plan Administrator. If the surviving spouse does not consent, he or she shall receive an immediate Annuity equal to fifty percent (50%) of the present Annuity value of the deceased's vested accrued Pension at Normal Retirement Age. Payment of the Annuity shall commence on the first day of the month following the death unless the surviving spouse elects a later commencement date.

(6) Deferred Pension

A Participant, upon termination of employment, may elect to have his pension as determined in accordance with paragraph 10 A deferred to a later date but not beyond Normal Retirement Age. Upon application for payment of the deferred pension, the computation of the pension payable in accordance with paragraph 10 B(1) or (2) will be based on the Participant's age on the Participant's Annuity Starting Date.

The following computations apply only to a Participant who terminates with vested rights but whose age at termination when added to his years of Accredited Service at termination is equal to less than seventy-five (75).

(7) Deferred Pension at Normal Retirement Age

A Participant who elects to defer his pension to Normal Retirement Age will be paid the pension determined in accordance with paragraph 10 A.

(8) Deferred Pension Prior to Normal Retirement Age

A Participant who elects to take his deferred pension prior to Normal Retirement Age on or after the date when his age plus years of Accredited Service are equal to seventy-five (75) will have the pension determined in accordance with paragraph 10 B(2).

(9) Determination of Present Value of Vested Pension Payable at Normal Retirement Age - Cash-Out

The Cash-Out is a lump-sum payment representing the present value of the deferred pension payable to the Participant at Normal Retirement Date and will be computed by multiplying the pension determined in accordance with paragraph 10 B(7) by the factor in Table B corresponding to the age of the Participant on the first day of the month following termination; provided,

however, that in no event shall the interest rate utilized in determining the factors in Table B exceed the interest rate, either immediate or deferred, utilized by the Pension Benefit

Guaranty Corporation on the first day of the month immediately preceding the Participant's Annuity Starting Date for valuing a lump-sum distribution upon plan termination. In lieu of the Cash-Out, the Participant may receive an immediate annuity which shall equal the deferred pension payable to the Participant at his Normal Retirement Date, appropriately reduced for commencement prior to such Normal Retirement Date and shall be determined by using the same actuarial assumptions as used for early retirement under Table A or Table F, whichever Table is applicable, and based on the Participant's age at his Annuity Starting Date.

(10) Ten Year Certain Optional Pension

The Pension payable to an eligible Participant who elects a ten year certain option pursuant to paragraphs 6 D, 6 E or 6 F shall be the Pension determined by the appropriate subsection of paragraph 10 B above, multiplied by the appropriate factor in Table C or Table D, whichever Table is applicable, corresponding to the age of the Participant at the Participant's Annuity Starting Date.

C. 1993 Special Retirement Program

Notwithstanding any other provision of the Management Plan, the following provision shall be applicable only to the Final Average Salary formula set forth in paragraphs 10 A1, 10 B(1)(a), and 10 B(2)(a) of the Management Plan and shall be available only to Employees who meet the eligibility criteria and only during the limited period of time and on the other terms and conditions set forth below:

(1) Any employee who, prior to February 1, 1993, has reached at least his fifty-fifth (55th) birthday and whose age plus years of Accredited Service equal at least 75 prior to such date and who elects during the period from November 1, 1992 through January 8, 1993 on a form furnished by and filed with the Company to accept the retirement incentives (a) shall retire with an effective retirement date of February 1, 1993, (b) shall be credited with five additional years of Management Service solely for purposes of calculating the Employee's Pension under the Final Average Salary formula, and (c) shall not have the early retirement discount factors applied to the Employee's Pension calculated under the Final Average Salary formula, except for the portion of the formula integrated with the Social Security Taxable Wage Base which portion shall be reduced for retirement before the Participant's Social Security Retirement Age in accordance with federal income tax regulations. The additional years of age shall not be credited for purposes of calculating the Employee's Final Average Salary or Total Salary and shall not be added to the Employee's age for purposes of determining

whether the Employee's age plus years of Accredited Service equal at least 75.

(2) No employee shall be obligated to accept the retirement incentives, and an Employee's election to accept the retirement incentives shall be purely voluntary. As a condition to an Employee's receiving the retirement incentives under (1) above, the Company shall have the right to obtain from the Employee a waiver and/or release of claims against the Company consistent with the requirements of the federal Age Discrimination in

Employment Act, as amended by the Older Workers Benefit Protection Act.

D. Fresh Start

Notwithstanding any provision in the Management Plan to the contrary, the annual amount of pension of a Participant who is affected by the imposition of the $150,000 limitation on Annual Basic Straight-Time Compensation provided in the definition of such term in paragraph 2 A shall be equal to the greater of (i) the Participant's pension calculated under the provisions of the Management Plan as determined with regard to such limitation or (ii) the Participant's pension determined as of December 31, 1993 plus the Participant's pension based solely on Accredited Service after such date under the provisions of the Management Plan as determined with regard to such limitation. For purposes of the Management Plan, the Participant's pension determined as of December 31, 1993 shall be equal to the greater of (x) the pension calculated under the provisions of the Management Plan as determined with regard to the $200,000 limitation on Annual Basic Straight-Time Compensation provided in the definition of such term in paragraph 2 A or (y) the Participant's pension determined as of December 31, 1988 plus the Participant's pension based solely on Accredited Service after such date under the provisions of the Management Plan as determined with regard to such limitation. However, the annual normal amount of pension shall never be less than the greatest amount of reduced early retirement pension which the Participant could have received under paragraph 10 before his Normal Retirement Date.

11. LIMITATION OF BENEFITS AND DEDUCTIONS FROM BENEFITS

A. Maximum Benefits

For purposes of this paragraph 11 A, the terms "Annual Basic Straight-Time Compensation", "Final Average Salary", and "Compensation" shall exclude amounts contributed by the Company on the Employee's behalf under other plans of the Company on a salary reduction basis which are not includible in the gross income of the Employee under Sections 402(a)(8) and 125 of the Code. The maximum annual pension payable under the Management

Plan and other Company defined benefit plans shall be equal to the lesser of:

(1) the defined benefit dollar limitation, and

(2) 100% of the Participant's average compensation for the three consecutive years that produce the highest average.

If the annual benefit commences when the Participant has less than 10 years of service with the Company, the maximum benefit payable is reduced by one-tenth for each year of service less than ten.

The defined benefit dollar limitation is $90,000. Effective on January 1, 1988, and each January thereafter, the $90,000 limitation above will be automatically adjusted by multiplying such limit by the cost of living adjustment factor prescribed by the Secretary of the Treasury under Section 415(d) of the Code in such manner as the Secretary shall prescribe. The new limitation will apply to limitation years ending with the calendar year of the date of the adjustment.

If the annual benefit of the Participant commences before the Participant's Social Security Retirement Age, but on or after age 62, the defined benefit dollar limitation shall be determined

as follows:

(i) If a Participant's Social Security Retirement Age is 65, the dollar limitation for benefits commencing on or after age 62 is determined by reducing the defined benefit dollar limitation by 5/9 of one percent for each month by which benefits commence before the month in which the Participant attains age 65.

(ii) If a Participant's Social Security Retirement Age is greater than 65, the dollar limitation for benefits commencing on or after age 62 is determined by reducing the defined benefit dollar limitation by 5/9 of one percent for each of the first 36 months and 5/12 of one percent for each of the additional months (up to 24 months) by which benefits commence before the month of the Participant's Social Security Retirement Age.

If the annual benefit of a Participant commences prior to age 62, the defined benefit dollar limitation shall be the actuarial equivalent of an annual benefit beginning at age 62, as determined above, reduced for each month by which benefits commence before the month in which the Participant attains age 62.

If the annual benefit of a Participant commences after the Participant's Social Security Retirement Age, the defined benefit

dollar limitation shall be adjusted so that it is the actuarial equivalent of an annual benefit of such dollar limitation beginning at the Participant's Social Security Retirement Age.

Annual benefit shall mean a benefit payable annually in the form of a straight life annuity with no ancillary benefits. Benefits payable in any other form will be adjusted to the actuarial equivalent of a straight life annuity.

Actuarial equivalent shall be determined by using an interest rate assumption equal to the greater of 5%, or the rate specified in the Management Plan. For benefits payable after a Participant's Social Security Retirement Age, the word "lesser" shall be substituted for the word "greater" in the preceding sentence.

For purposes of the limitations of this paragraph 11, compensation shall mean all compensation of the Participant from the Company for the limitation year.

The limitations of this paragraph 11 will be deemed satisfied if the annual benefit payable to a Participant is not more than $1,000 multiplied by the Participant's years of service with the Company (not exceeding 10), and the Participant never participated in a defined contribution plan maintained by the Company.

Alternative Maximum Benefit

The annual retirement income payments under the Management Plan shall be treated as not exceeding the limitations above in the case of an Employee who was an active Participant before October 2, 1973 if such annual retirement income (calculated on the basis of the Straight Life Annuity form) neither exceeds:

(a) 100% of his annual rate of compensation on the earlier of October 2, 1973 or his termination date, nor

(b) 100% of the annual benefit which would have been payable to such Participant on retirement assuming

(i) all the terms and conditions of the Plan on the earlier of October 2, 1973 or his termination date had continued unchanged, and

(ii) his compensation on October 2, 1973 continued to his termination date.

In the case of an Employee who ceased employment before October 2, 1973 and who becomes entitled to benefit payments beginning on or after August 1, 1975, the annual benefit under

this paragraph shall not be greater than the deferred vested benefit to which he was entitled as of his termination date.

Combined Maximum Limits

If the Participant is, or was, covered under a defined benefit plan and a defined contribution plan maintained by the Company the sum of the Participant's defined benefit plan fraction and defined contribution plan fraction may not exceed 1.0 in any limitation year.

The defined benefit plan fraction is a fraction, the numerator of which is the sum of the Participant's projected annual benefits under all defined benefit plans (whether or not terminated) maintained by the Company and the denominator of which is the lesser of (i) 1.25 times the dollar limitation of Section 415(b)(1)(A) of the Code in effect for the limitation year, or (ii) 1.4 times the Participant's average compensation for the three consecutive years that produces the highest average.

The defined contribution plan fraction is a fraction, the numerator of which is the sum of the annual additions to the Participant's account under all defined contribution plans maintained by the Company (whether or not terminated) for the current and all prior limitation years, and the denominator of which is the sum of the lesser of the following amounts determined for such year and for each prior year of service with the Company: (i) 1.25 times the dollar limitation in effect under Section 415(c)(1)(A) of the Code for such year, or (ii) 1.4 times the amount which may be taken into account under Section 415(c)(1)(B) of the Code.

Projected annual benefit means the annual benefit to which the Participant would be entitled under the terms of the Plan, if the Participant continued employment until Normal Retirement Age (or current age, if later) and the Participant's compensation for the limitation year and all other relevant factors used to determine such benefit remained constant until Normal Retirement Age (or current age, if later).

Annual additions means the sum credited to a Participant's account for any limitation year, of :

a. Company contributions,

b. with respect to limitation years beginning before 1987, the lesser of the amount of Employee Contributions in excess of 6% of his compensation for the limitation year, or one half of the Employee contributions for that year, and with respect to limitation years beginning after 1986, all of the Employee contributions, and

c. forfeitures.

If, in any limitation year, the sum of the defined benefit

plan fraction and the defined contribution plan fraction will exceed 1.0, the rate of benefit accruals under this Plan will be reduced so that the sum of the fractions equals 1.0.

B. Minimum Benefits

1. The minimum benefits payable to a Participant receiving a pension first payable on or after attaining age sixty-two (62), or a disability annuity after having attained Normal Retirement Age, subject to other provisions of the Management Plan, shall be the greater of:

(a) $4.40 per month for each year, up to twenty-five (25) years, of Management Service.

(b) $110 per month for an Employee having twenty-five (25) years of Management Service, plus $5.50 per month for each additional year of Management Service up to thirty (30) years;

(c) $137.50 per month for an Employee with thirty (30) or more years of Management Service.

2. The minimum disability annuity payable under the Management Plan, subject to other provisions of the Management Plan, shall be $55 per month. The benefit payable to a Participant, either

(a) in accordance with the Management Plan's optional early retirement provisions, or

(b) in accordance with the Management Plan's Normal or Mandatory Retirement Date, shall not be less than the greatest early retirement income amount which may be calculated under the optional early retirement provision as of the last day of any computation period which ended before his retirement date.

C. Deductions for Pension or Benefits Under Other Pension Plans

There shall be deducted from any benefit for which an Employee may be eligible under the Management Plan the amount of each and every payment or benefit received by such Employee by reason of his retirement on account of service with any other employer where years of service with such other employer are included in years of Accredited Service under the Management Plan, provided that pension payments by Federal, State or municipal governments for service under those governments shall not be deducted hereunder.

D. Limitation of Deductions

The deductions authorized by paragraph 11 C shall not be applied or made in such a manner as to reduce below ten dollars ($10.00) in any month the net amount payable to any Employee receiving a benefit under the Management Plan, nor shall any net benefit amount payable be reduced below ten dollars ($10.00) in any month.

E. Pre-July 1, 1989 Transfers

This paragraph 11 E shall apply to a Participant whose benefit under the Weekly Plan is based upon the Weekly Plan formula in effect prior to amendments effective July 1, 1989 and shall not apply to any Participant who has a benefit calculated under the Weekly Plan based upon the plan formulas adopted on or

after July 1, 1989. Benefits for such Participants shall be determined as described in paragraph 11 F.

A Participant whose Accredited Service consists of both Weekly Service and Management Service and who is eligible for a benefit under the Management Plan shall in any event be entitled to a benefit under the Management Plan which is not less than the benefit computed under paragraph 10 A (the "Basic Benefit").

If such Participant was a Management Employee at the time of termination of the Participant's employment with the Company, the Participant shall be entitled to the greater of

1. the Basic Benefit, or

2. the benefit which would be payable under the Management Plan if all of the Participant's Accredited Service had been Management Service, reduced by the amount of any benefit to which the Participant shall be entitled under the Weekly Plan.

A Participant who is eligible for a benefit under the Management Plan, but who is a Weekly Employee at the time of termination of the Participant's Service with the Company, shall be paid from the Management Plan a pension benefit equal to the greater of: (A) the benefit calculated under the formula set forth in paragraph 10 A utilizing Total Salary or Final Average Salary for all years of Service with the Company, including Management and Weekly Service, multiplied by a fraction, the numerator of which shall be Years of Management Service, and the denominator of which shall be the sum of Years of Management Service and Years of Weekly Service, or (B) the benefit calculated under the formula set forth in paragraph 10 A utilizing Total Salary or Final Average Salary for Management Service only.

F. Post-June 30, 1989 Transfers

If a Participant whose Accredited Service consists of both Weekly Service and Management Service and whose Weekly Service includes periods of employment subsequent to June 30, 1989, such Participant's benefit under the Management Plan shall be calculated as described below.

If the Participant is a Management Employee at the time of termination of the Participant's employment with the Company, then, notwithstanding the provisions of paragraph 10 hereof, the Participant shall be entitled only to a benefit calculated under paragraph 10 of the Management Plan as if all of the Participant's Accredited Service had been Management Service, and reduced by the amount of any benefit to which the Participant shall be entitled under the Weekly Plan.

If the Participant is a Weekly Employee at the time of termination of the Participant's employment with the Company, then the benefit under the Management Plan shall be determined under paragraph 10 based upon Total Salary or Final Average Salary including Management and Weekly Service, multiplied by a fraction, the numerator of which shall be Years of Management Service and the denominator of which shall be the sum of Years of Management Service and Years of Weekly Service. Notwithstanding the preceding, the benefit under the Management Plan shall not be less than the accrued benefit at time of transfer to the Weekly Plan calculated as if the Participant had then terminated employment with the Company.

12. PAYMENT OF BENEFITS

A. Manner of Payment of Benefits

(1) All benefits provided by the Management Plan shall be determined on an annual basis and payable, upon application, in the following manner:

(i) in the case of pensions, annuities and surviving spouse benefits, monthly payments equal to one-twelfth (1/12th) of the annual amount;

(ii) in the case of a Cash-Out, there will be a single payment.

Payments in the case of disability may begin, in the discretion of the Company, earlier than the effective date of retirement.

No benefit payable under the Management Plan shall be reduced after the commencement of payments except to correct an

error in the determination of the benefits or if required by ERISA or governmental authority.

(2) Effective January 1, 1981, Participants who retired from service of the Company prior to January 1, 1978 and are receiving payments under paragraph A (1) (i) above shall have their payments increased in accordance with the following:

Year Retired	Increase In Monthly Payment
Prior to 1958	10%
1958 - 1965	8%
1966 - 1971	6%
1972 - 1975	4%
1976 - 1977	2%

Payments to widows and surviving spouses shall be increased, in accordance with the above schedule, based upon the year in which the deceased Participant retired.

No monthly payment shall be increased by less than ten ($10.00).

(3) Effective January 1, 1984, Participants who retired prior to January 1, 1984, and surviving spouses of Participants who retired or died prior to January 1, 1984, and who receive payments under paragraph A(1) (i) above, shall have their monthly payments, as such monthly payments may have been adjusted pursuant to paragraph A(2) above, increased by a percentage which shall equal one percent times the difference between 1984 and the earlier of the year in which the Participant retired or died, provided that no monthly payment shall be increased by less than ten dollars ($10.00).

(4) Each participant and surviving spouse who is entitled to receive a Pension or Annuity from the Management Plan for the month of November 1986, and who, or in the case of a surviving spouse of a deceased retired participant, whose deceased spouse, commenced receiving a Pension or Annuity prior to December 31, 1985, shall have the Pension or Annuity for the month of November 1986 and each month thereafter, until further changed or terminated in accordance with provisions of the Management Plan, increased by one percent (1%) of such Pension or Annuity multiplied by the number of whole or partial calendar years up to and including 1985 during which the Management Plan was paying a Pension or Annuity to such participant or surviving spouse, or to

both such surviving spouse and the deceased participant who retired and commenced to receive a Pension from the Management Plan.

B. Termination of Payments

Payments to a Participant or to a Beneficiary shall terminate on the last day of the month in which the Participant or Beneficiary dies.

C. Direct Rollover of Certain Distributions

1. This paragraph applies to certain distributions made on or after January 1, 1993. Notwithstanding any provision of the Management Plan to the contrary that would otherwise limit a distributee's election under the paragraph, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

2. The following definitions apply to the terms used in this paragraph:

(a) An "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and the portion of any distribution that is not includible in gross income;

(b) An "eligible retirement plan" is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity;

(c) A "distributee" includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former souse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse; and

(d) A "direct rollover" is a payment by the Management Plan to the eligible retirement plan specified by the distributee.

In the event that the provisions of this paragraph C or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this paragraph C or any applicable part thereof shall be ineffective without the necessity of further amendment to the Management Plan.

13. ASSIGNMENT OR NON-ALIENATION OF BENEFITS

Except as provided below, benefits payable under the Management Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, change, garnishment, execution, or levy of any kind, either voluntary or involuntary, including any such liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of the Employee, prior to actually being received by the person entitled to the benefit under the terms of the Management Plan except for a transfer pursuant to a "qualified domestic relations order" within the meaning of Section 414 (p) of the Code. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, shall be void. The trust fund shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagement, or torts of any person entitled to benefits hereunder. The Plan Administrator shall establish a written procedure to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders. If the present value of any series of payments under a qualified domestic relations order amounts to $3,500 or less, a lump sum payment of such present value shall be made in lieu of the series of payments.

After a benefit is in pay status, a Participant receiving such benefit may make a voluntary and revocable assignment (not to exceed ten percent (10%) of any benefit payment) provided the assignment is not for the purpose of defraying administrative costs.

14. NO RIGHT TO EMPLOYMENT

The Management Plan shall not be construed to give any Employee the right to be retained in the service of the Company or the right to be reemployed after termination or retirement.

15. TRUST FUND

All contributions made by the Company under the Management Plan shall be paid to the trustee or trustees, who shall be designated by the Company, and deposited in a trust fund or funds. In accordance with paragraph 19 B, all assets of the

trust funds, including investment income, shall be retained for the exclusive benefit of Participants and Beneficiaries, shall be used to pay benefits to such persons or to pay administrative expenses to the extent not paid by the Company, and shall not revert to or inure to the benefit of the Company prior to the satisfaction of all such benefits.

Payment by the trust in good faith to one who claims to be entitled to payment of a benefit hereunder shall discharge the trust from any further liability therefor to any other claimant.

In the discretion of the Company, the assets of the aforementioned trust fund or funds may be held by a single trustee, together and commingled with the assets of the trust fund or funds provided for under the Weekly Plan, provided that the beneficial interest of each trust fund in the commingled assets shall be separately accounted for and the beneficial interest of the trust fund or funds under the Management Plan shall be applied solely in accordance with the Management Plan and shall not be available to provide benefits under the Weekly Plan, or for any other purpose. Expenses and taxes, to the extent paid from the commingled trust assets, shall be equitably divided between the trust fund or funds under the Management Plan and the trust fund or funds under the Weekly Plan.

The Named Fiduciaries of the Management Plan are hereby authorized to take such action as may be necessary to cause the

respective beneficial interests properly allocable to the Weekly Plan and to the Management Plan, in the assets of the trust fund held pursuant to The Consolidated Edison Pension and Benefits Plan on December 31, 1982, to be determined and thenceforth accounted for as two separate trust funds.

16. CONTRIBUTIONS

A. Payment of Contributions

The contributions by the Company shall be made at such times as may be decided upon by the Company.

B. Funding Policy Procedure and Amount of Contributions

In accordance with the funding policy established by the Company upon recommendation by the Named Fiduciaries based upon the advice of an enrolled actuary, the Company from time to time shall make contributions, determined on an annual basis as a percentage of straight-time annual payroll for Management Employees, in such amounts as it shall deem necessary to carry out the objectives of the Management Plan, but in any event the contributions shall: (1) conform to the funding standards of Section 302 of ERISA; and (2) not be greater than the maximum amount deductible for Federal income tax purposes during the year for which the contribution is made.

C. Payment of Expenses

All expenses of investment and administration of the trust fund and of administration of the Plan, including any taxes which may be assessed or levied against the trust fund, shall be paid

by the Trustee from the trust fund, unless paid by the Company.

D. Restrictions on Recovery by Company of Contributions

Except as provided in paragraphs 20 B and 23 D, under no circumstances shall amounts of money or other things of value contributed by the Company to the trust fund be recoverable by the Company from the trustee or from any Participant or Beneficiary, or be used for, or diverted to, purposes other than for the exclusive benefit of the Participants and Beneficiaries of the Management Plan; provided, however, that if a contribution is made by the Company by mistake of fact, the contribution shall be returned to the Company within one (1) year after the payment of the contribution, or if the Management Plan or the trust (or trusts) fails to qualify under Sections 401 and 501 of the Code or (each contribution made to this Plan is expressly conditioned on its deductibility under Section 404 of the Code) if the deduction of any part of any contribution is disallowed, the contribution shall be returned to the Company within one (1) year after the date of denial of qualification of the Management Plan or trust (or trusts) or within one (1) year after the disallowance of the deduction.

E. Management Plan is Non-Contributory

No contributions by Employees shall be required hereunder.

17. FIDUCIARIES

A. Named Fiduciaries

1. Persons from time to time occupying the following offices of the Company are hereby designated as Named Fiduciaries and shall have authority jointly to control and manage the operation and administration of the Management Plan (including the appointment of the Plan Administrator): Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer. The Company may designate other persons who, upon acceptance of such designation, shall serve as Named Fiduciaries either instead of or in addition to those named above. Any such designation and acceptance shall be in writing and retained by the Plan

Administrator.

2. The Named Fiduciaries may allocate fiduciary responsibilities (other than trustee responsibilities as defined in ERISA) among Named Fiduciaries and may designate persons other than Named Fiduciaries to carry out fiduciary responsibilities (other than trustee responsibilities as defined in ERISA) under the Management Plan, in accordance with the following procedure:

The Chief Executive Officer of the Company shall in writing allocate fiduciary responsibilities among the Named Fiduciaries, and the acceptance of such responsibilities by the

Named Fiduciaries shall be in writing. Any designation by a Named Fiduciary of persons other than Named Fiduciaries to carry out fiduciary responsibilities (other than trustee responsibilities as defined in ERISA) shall be in writing, a copy of which shall be delivered to the designee, and shall specify the fiduciary responsibilities to be carried out by the designee. Written notice of any such designation shall be given to all other Named Fiduciaries by the Named Fiduciary who makes the designation. Any such allocations and acceptances and designations, shall be retained by the Plan Administrator.

3. A Named Fiduciary, or a fiduciary designated by a Named Fiduciary pursuant to the procedure set forth in paragraph 17 A 2., may employ one or more persons to render advice with regard to any responsibility such fiduciary has under the Management Plan.

4. A person who is a Named Fiduciary with respect to control or management of the assets of the Management Plan may appoint, or terminate the appointment of, an investment manager or managers to manage (including the power to acquire and dispose of) any assets of the Management Plan.

5. A majority of the Named Fiduciaries may jointly, with the prior approval of the Board of Trustees of the Company, direct any trustee appointed pursuant to paragraph 15 to invest all or any part of the trust fund held by such trustee in insurance policies and contracts, including group annuity contracts, and in tax-exempt group trusts, and from time to time to liquidate any such investment in whole or in part.

B. Fiduciary Responsibilities

The Named Fiduciaries, and all other persons having fiduciary responsibilities under the law, shall discharge their duties with respect to the Management Plan in accordance with the law, and solely in the interest of the Participants and Beneficiaries and

1. for the exclusive purpose of:

(a) providing benefits to Participants and their Beneficiaries; and

(b) defraying reasonable expenses of administering the Management Plan;

2. with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the

conduct of an enterprise of a like character and with like aims;

3. by diversifying the investments of the Management Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

4. in accordance with the documents and instruments governing the Management Plan insofar as such documents and instruments are consistent with the law.

C. General Provisions Concerning Fiduciaries

1. Any person or group of persons may serve in more than one fiduciary capacity with respect to the Management Plan (including service both as trustee and administrator).

2. Responsibilities for the operation and administration of the Management Plan may be allocated in accordance with the following procedure:

The Chief Executive Officer of the Company shall allocate responsibilities for operation and administration of the Management Plan, and shall notify all Named Fiduciaries of any such allocation. Any such allocation shall be in writing, a copy of which shall be delivered to the person to whom the responsibilities are allocated, and shall be retained by the Plan Administrator.

18. POWERS AND DUTIES OF PLAN ADMINISTRATOR

A. Rules and Decisions

The Plan Administrator may adopt such rules as he deems necessary, desirable, or appropriate. All rules and decisions of the Plan Administrator shall be uniform and consistent as to all Participants and Beneficiaries in similar circumstances. When making a determination or calculation, the Plan Administrator shall be entitled to rely upon information furnished by a Participant or Beneficiary, the Company, the legal counsel of the Company, the enrolled actuary, any trustee of the trusts, or the independent qualified public accountant.

B. Records and Reports

The Plan Administrator shall exercise such authority and responsibility, and perform such duties, as may be required in order to comply with ERISA and governmental regulations issued thereunder relating to records of Participants' service, accrued benefits, and benefits which are nonforfeitable under the Management Plan; notifications to participants, annual registration with the Internal Revenue Service; annual reports to the Department of Labor; and reports to the Pension Benefit Guaranty Corporation.

C. Other Plan Administrator Powers and Duties

The Plan Administrator shall have such other duties and

powers as may be necessary to discharge his duties hereunder, including but not by way of limitation, the following:

1. to decide all claims and questions of eligibility and determine the amount, manner and time of payment of any benefits hereunder and to construe and interpret the Management Plan or the plans as may be necessary in connection therewith;

2. to prescribe procedures to be followed by Participants or Beneficiaries filing applications for benefits;

3. to prepare and distribute, in such manner as he determines to be appropriate, information explaining the Management Plan;

4. to receive from the Company and from Participants such information as shall be necessary for the proper administration of the Management Plan;

5. to furnish the Company, upon request, such annual reports with respect to the administration of the Management Plan as are reasonable and appropriate;

6. to receive and review the periodic valuation of the Management Plan made by the enrolled actuary;

7. to receive, review and keep on file (as he deems convenient or proper) reports of the financial condition, and of the receipts and disbursements, of the trust fund from the trustee or trustees;

8. to appoint or employ individuals to assist in the administration of the Management Plan and to perform the specific operational and administrative duties and functions necessary to plan administration;

9. to receive service of legal process, as agent for the Management Plan.

The Plan Administrator shall have no power to add to, subtract from or modify any of the terms of the Management Plan, or to change or add to any benefits provided by the Management Plan, or to waive or fail to apply any requirements of eligibility for a pension under the Management Plan.

19. ADMINISTRATION

A. Restriction on Powers

No rule or regulation under the Management Plan shall be made and no action under its provision shall be taken which, with respect to contributions or benefits, or in any other respect, discriminates in favor of employees who are officers, shareholders, persons whose principal duties consist in supervising the work of other employees, or highly compensated employees.

B. Ascertainment of Benefits

It shall be the duty of the Plan Administrator to examine into the facts relating to each Employee and determine his rights

under the Management Plan and the amount and extent of the benefit which shall be payable to him or his spouse and the dates such benefit shall commence and cease. Such determination, if made in conformance with the provisions of the Management Plan, shall be final and binding upon such Employee and Employee's spouse.

In making such determination, the Plan Administrator shall follow the provisions of the Management Plan and shall not pay or cause to be paid any benefit, either during the existence or upon the discontinuance of the Management Plan, which would cause any part of the trust fund or funds to be used for or diverted to purposes other than for the exclusive benefit of the Employees of the Company or their spouses pursuant to the provisions of the Management Plan at any time prior to the satisfaction of all liabilities with respect thereto under the Management Plan.

C. Claims

1. When any claim for benefits by a Participant or a Beneficiary is denied, the claimant shall be notified in writing

sent by certified mail of the specific reasons for the denial, in a manner calculated to be understood by the claimant.

2. If the claim for benefits of a Participant or Beneficiary is denied, the claimant shall have the right to a full and fair review of the decision denying such benefits, provided that the request for review, which shall be in writing and addressed to the Plan Administrator, shall be made within ninety (90) days after the claimant receives notice of the denial of benefits.

D. Records

The Plan Administrator shall maintain or cause to be maintained accounts showing the fiscal transactions of the Management Plan, and shall cause to be kept, in convenient form, such data as may be necessary for actuarial valuations under the Management Plan and such other matters and records as may be required to comply with ERISA.

20. TERMINATION OR MODIFICATION OF THE MANAGEMENT PLAN

A. Right to Terminate or Modify

The Company expects to continue the Management Plan indefinitely and to make contributions to the trust fund or funds under the Management Plan to meet the costs of all benefits provided hereunder, as a current charge upon operating expenses. The Company, however, except as it may have otherwise expressly agreed, reserves the right in its absolute discretion at any time and from time to time, and retroactively if deemed necessary or appropriate by it to conform with governmental regulations or other policies, by action of its Board of Trustees or pursuant to authority granted by its Board of Trustees, to amend, modify or terminate in whole or in part the Management Plan and the contributions thereunder. No such amendment, modification or termination, however, shall vest in the Company directly or indirectly any interest, ownership or control in the trust fund, except to the extent of any balance remaining after satisfaction of all liabilities under the Management Plan. No such amendment or modification shall retroactively decrease or otherwise affect adversely Employees' accrued benefits under the Management Plan as in effect on the later of the date on which the amendment is adopted or becomes effective.

B. Rights Upon Termination

In the event of termination of the Management Plan, each Participant's interest as of the date of the termination to the extent then funded or protected by law, if greater, shall be

nonforfeitable. The funds of the Management Plan shall be used for the exclusive benefit of persons entitled to benefits under the Management Plan as of the date of termination, except as provided in paragraph 16 D. However, any funds not required to satisfy all liabilities of the Management Plan for benefits because of erroneous actuarial computation shall be returned to the Company. The Plan Administrator shall determine on the basis of actuarial valuation the share of the funds of the Management Plan allocable to each person entitled to benefits under the Management Plan in accordance with Section 4044 of ERISA or corresponding provision of any applicable law in effect at the time. In the event of a partial termination of the Management Plan, the provisions of this paragraph 20 B shall be applicable to the Employees affected by that partial termination.

21. MISCELLANEOUS

A. Merger or Consolidation

In the case of any merger or consolidation with, or transfer of assets or liabilities to, any other plan, each Participant in the Management Plan shall (if the Management Plan is terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Management Plan had then terminated).

B. Limitation of Benefits Payable to Highly Compensated Employees

(1) The provisions of this paragraph 21 B shall apply (i) in the event the Management Plan is terminated, to any Employee who is a highly compensated employee or highly compensated former employee (as those terms are defined in Section 414(q) of the Code) of the Company and (ii) in any other event, to any Employee who is one of the 25 highly compensated employees or highly compensated former employees of the Company with the greatest compensation in any Plan Year. The amount of the annual payments to any one of the Employees to whom this paragraph 21 B applies shall not be greater than an amount equal to the annual payments that would be made on behalf of the Employee during the year under a single life annuity that is of equivalent actuarial value to the sum of the Employee's accrued benefit and the Employee's other benefits under the Management Plan. Equivalent actuarial value means equivalent value determined on the basis of the same actuarial assumptions as used for Table A or Table F, whichever Table is applicable.

(2) If, (i) after payment of Pension or other benefits to any one of the Employees to whom this paragraph 21 B applies, the value of Management Plan assets equals or exceeds 110 percent

of the value of current liabilities (as that term is defined in Section 412(1)(7) of the Code) of the Management Plan, (ii) the value of the accrued benefit and other benefits of any one of the Employees to whom this paragraph 21 B applies is less than one per cent of the value of current liabilities of the Management Plan, or (iii) the value of the benefits payable to an Employee to whom this paragraph 21 B applies does not exceed the amount

described in Section 411(a)(11)(A) of the Code, the provisions of subdivision (1) above will not be applicable to the payment of benefits to such Employee.

(3) If an Employee to whom this paragraph 21 B applies elects to receive a lump sum payment in lieu of his accrued benefit and the provisions of subdivision (2) above are not met with respect to such Employee, the Employee shall be entitled to receive his benefit in full provided he shall agree to repay to the Management Plan any portion of the lump sum payment which would be restricted by operation of the provisions of subdivision (1), and shall provide adequate security to guarantee that repayment.

(4) Notwithstanding subdivision (1) of this paragraph 21 B, in the event the Management Plan is terminated, the restriction of this paragraph 21 B shall not be applicable if the benefit payable to any highly compensated employee and any highly compensated former employee is limited to a benefit that is nondiscriminatory under Section 401(a)(4) of the Code.

(5) If it should subsequently be determined by statute, court decision acquiesced in by the Commissioner of Internal Revenue, or ruling by the Commissioner of Internal Revenue, that the provisions of this paragraph 21 B are no longer necessary to qualify the Management Plan under the Code, this paragraph 21 B shall be ineffective without the necessity of further amendment to the Management Plan.

C. Forfeitures

Any forfeitures arising under the Management Plan shall be used to reduce the Company's contribution.

22. TOP-HEAVY PROVISIONS

A. The following definitions apply to the terms used in this paragraph 22:

(i) "applicable determination date" means the last day of the preceding Plan Year;

(ii) "top-heavy ratio" means the ratio of (x) the present value of the cumulative accrued benefits under the Management Plan for key employees to (y) the present value of the cumulative accrued benefits under the Management Plan for all key employees and non-key employees; provided however, that if an individual has not performed services for the Company at any time during the 5-year period ending on the applicable determination date, any accrued benefit for such individual (and the account of such individual) shall not be taken into account;

(iii) "applicable valuation date" means the date within the preceding Plan Year as of which annual Plan costs are or would be computed for minimum funding purposes;

(iv) "key employee" means an employee who is in a category of employees determined in accordance with the provisions of Section 416(i)(1) and (5) of the Code and any regulations thereunder, and, where applicable, on the basis of the Employee's remuneration which, with respect to any Employee,

shall mean the wages, salaries and other amounts paid in respect of such Employee by the Company for personal services actually rendered, determined before any pre-tax contributions under a "qualified cash or deferred arrangement" (as defined under Section 401(k) of the Code and its applicable regulations) or under a "cafeteria plan" (as defined under Section 125 of the Code and its applicable regulations), and shall include, but not by way of limitation, bonuses, overtime payments and commissions; and shall exclude deferred compensation, stock options and other distributions which receive special tax benefits under the Code;

(v) "non-key employee" means any employee who is not a key employee;

(vi) "average remuneration" means the average annual remuneration of a Participant for the five consecutive years of his service after December 31, 1983 during which he received the greatest aggregate remuneration, as limited by Section 401(a)(17) of the Code, from the Company, excluding any remuneration for service after the last Plan Year with respect to which the Management Plan is top-heavy;

(vii) "required aggregation group" means each other qualified plan of the Company (including plans that terminated within the five-year period ending on the determination date) in which there are participants who are key employees or which enables the Management Plan to meet the requirements of Section 401(a)(4) or 410 of the Code; and

(viii) "permissive aggregation group" means each plan in the required aggregation group and any other qualified plan(s) of the Company in which all members are non-key employees, if the resulting aggregation group continues to meet the requirements of Sections 401(a)(4) and 410 of the Code.

B. For purposes of this paragraph 22, the Management Plan shall be "top-heavy" with respect to any Plan Year beginning on or after January 1, 1984, if as of the applicable determination date the top-heavy ratio exceeds 60 percent. The top-heavy ratio shall be determined as of the applicable valuation date in accordance with Section 416(g)(3) and (4)(B) of the Code on the basis of the 1971 TPF&C Forecast Mortality Table and an interest rate of 5 1/2 percent per year compounded annually. For purposes of determining whether the Management Plan is top-heavy, the present value of accrued benefits under the Management Plan will be combined with the present value of accrued benefits or account balances under each other plan in the required aggregation group, and, in the Company's discretion, may be combined with the present value of accrued benefits or account balances under any other qualified plan(s) in the permissive aggregation group. The accrued benefit of a non-key employee under the Management Plan or any other defined benefit plan in the aggregation group shall be (i) determined under the method, if any, for accrual purposes under all plans maintained by the Company or (ii) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule described in Section 411(b)(1)(C) of the Code.

C. The following provisions shall be applicable to

Participants for any Plan Year with respect to which the Management Plan is top-heavy:

(i) In lieu of the vesting rights specified in paragraph 7, a Participant shall be vested in, and have a nonforfeitable right to, a percentage of his accrued benefit determined in accordance with the provisions of the Management Plan and subparagraph (ii) below, as set forth in the following vesting schedule:

Years of Vesting Service	Percentage Vested
Less than 2 years	0%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 or more years	100%

(ii) The accrued benefit of a Participant who is a non-key employee shall not be less than two percent of his average remuneration multiplied by the number of years of his Accredited Service, not in excess of 10, during the Plan Years for which the Management Plan is top-heavy. That minimum benefit shall be payable at a Participant's Normal Retirement Date. If payments commence at a time other than the Participant's Normal Retirement Date, the minimum accrued benefit shall be of equivalent actuarial value to that minimum benefit.

(iii) The multiplier "1.25" in Sections 415(e)(2)(B)(i) and (3)(B)(i) of the Code shall be reduced to "1.0," and the dollar amount "$51,875" in Section 415(e)(6)(B)(i)(I) of the Code shall be reduced to "$41,500."

D. If the Plan is top-heavy with respect to a Plan Year and ceases to be top-heavy for a subsequent Plan Year, the following provisions shall be applicable.

(i) The accrued benefit in any such subsequent Plan Year shall not be less than the minimum accrued benefit provided in paragraph (C)(ii) above, computed as of the end of the most recent Plan Year for which the Management Plan was top-heavy.

(ii) If a Participant has completed three years of Vesting Service on or before the last day of the most recent Plan Year for which the Management Plan was top-heavy, the vesting schedule set forth in paragraph (C)(i) above shall continue to be applicable.

(iii) If a Participant has completed at least two, but less than three, years of Vesting Service on or before the last day of the most recent Plan Year for which the Management Plan was top-heavy, the vesting provisions of paragraph 7 shall again be applicable; provided, however, that in no event shall the vested percentage of a Participant's accrued benefit be less than the percentage determined under paragraph (C)(i) above as of the last day of the most recent Plan Year for which the Management Plan was top-heavy.

23. RETIREE HEALTH PROGRAM ("PROGRAM")

A. Effective Date

This paragraph 23 shall become effective on January 1, 1986. Prescription drug benefits coverage is extended to dependents (as defined in Appendix I, Part A), effective May 1, 1988. Vision care benefits described in Appendix I, Part A are added to the Program effective June 1, 1988.

B. Benefits Provided

Appendix I, Part A to the Management Plan specifies the benefits to be provided under this paragraph 23 to eligible participants; provided, however, that the Plan Administrator shall have authority to maintain the benefit limits so specified at levels the Plan Administrator determines to be reasonable and customary. The company or companies selected by the Plan Administrator to provide medical/hospital benefits and/or to administer medical/hospital claims and benefit payments and to provide prescription drugs and/or to administer prescription drug and vision care claims and benefit payments shall have final authority to decide all claims and the amount of benefit payments under provisions of Appendix I, Part A.

A participant in the Program shall not be entitled to reimbursement for medical/hospital, vision care or prescription drug benefits under the Program to the extent that similar benefits have actually been paid under any other group coverage provided by or through the Company or a Voluntary Employees' Beneficiary Association (VEBA), as defined in Section 501(c)(9) of the Code, sponsored by the Company. In the event that benefits shall have been paid with respect to such participant by or through the Company or such VEBA, the amount payable under this Program shall be the difference, if any, between the amount that would have been payable under the Program after application of all deductibles, coinsurance and benefit limits, and the amount actually paid by or through the Company or such VEBA.

C. Participants' Contributions

Appendix I, Part B sets forth the monthly contribution for each covered person for medical/hospital and vision care benefits coverage, which is required to be paid by a participating retired Employee or surviving spouse. The contribution for a month shall be reduced by any contribution for the same month made by the Employee or surviving spouse for similar medical/ hospital and vision care benefits coverage under any other group coverage provided by or through the Company or a VEBA sponsored by the Company. Participants' contributions shall be deducted monthly from their Pension or Annuity payments, unless another form of payment is approved by the Plan Administrator.

Participants need not contribute toward the cost of prescription drug benefits but are required to pay an annual deductible and to make a copayment for each prescription or refill as set forth in Appendix I, Part B.

D. Funding

The cost of the Program set forth in this paragraph 23 and in Appendix I shall be funded by the contributions of participants and of the Company through the Trust Fund described in paragraph 15. All such contributions may be commingled with Pension- and Annuity-related assets for investment and custody purposes, but all Program contributions and earnings thereon, if any, together with all disbursements under the Program, shall be recorded and accounted for in one or more separate accounts

relating solely to this Program.

In the event the Company shall make a contribution to the Trust Fund which includes contributions allocable both to Pension and Annuity benefits and to the Program, the Company shall clearly specify the portion of such contribution allocable to Pension and Annuity Benefits and the portion allocable to the Program.

In the event that all liabilities of the Program shall have been fully satisfied and there are no persons participating in the Program or eligible therefor, the entire balance in the separate account relating to the Program shall be paid by the Trustee to the Company.

E. Eligibility and Enrollment

(a) Only Employees who retire and immediately commence receiving a retirement Pension from the Management Plan, their spouses and dependents (as defined in Appendix I, Part A), and surviving spouses who are receiving Annuities from the Management Plan and their dependents (as defined in Appendix I, Part A) shall be eligible for medical/ hospital benefits, and only such retirees, their spouses and surviving spouses shall be eligible for prescription drug benefits; provided, however, that former Employees whose employment terminated because of disability and who are eligible for an immediate Pension under the Management Plan but have deferred commencement of such pension to continue to receive Long Term Disability benefits, shall also be eligible to enroll in the Program. Effective May 1, 1988, dependents (as defined in Appendix I, Part A) shall be eligible for prescription drug benefits, and, effective June 1, 1988, all persons enrolled for medical/hospital benefits shall be eligible for vision care benefits. Retirees and surviving spouses and their eligible dependents are eligible for prescription drug benefits whether or not they enroll for medical/hospital benefits. A person not

otherwise eligible to participate in the Retiree Health Program shall not become eligible to so participate solely by reason of receiving payments as a Beneficiary pursuant to paragraphs 6 D, 6 E or 6 F.

(b) Each eligible retired Employee and surviving spouse must enroll and commence participation in the Program upon the earlier of the Effective Date or the earliest date she or he may participate. However, an Employee who retires and immediately commences receiving a retirement Pension from the Management Plan, and/or the spouse of such Employee, who at that time participates in a group (not individual) medical/hospital benefit program provided by any source other than the Company and the surviving spouse of such retired Employee whose death terminates such other group coverage for such surviving spouse, may delay commencement of participation in this Program until expiration of such other group coverage, provided that such retired Employee or surviving spouse continues to receive a Pension or Annuity from the Management Plan at the time participation in this Program is to commence. Any such retired Employee, spouse or surviving spouse who desires to participate in this Program shall so notify the Plan Administrator and shall furnish to the Plan Administrator proof of such other group coverage and of its expiration. In addition, a surviving spouse who is receiving an annuity from the Management Plan, but who is also actively employed by the Company and/or covered by its group coverage, must delay commencement of participation in this Program until termination of employment with the Company or other discontinuance of participation in the Company's group coverage.

FAILURE BY AN ELIGIBLE PERSON TO ELECT TO PARTICIPATE SHALL BE DEEMED TO BE A DECLINATION BY SUCH PERSON. IF AN ELIGIBLE PERSON DECLINES TO PARTICIPATE OR IS DEEMED TO HAVE DECLINED TO PARTICIPATE, SUCH PERSON AND SUCH PERSON'S SURVIVING SPOUSE AND DEPENDENTS SHALL NOT PARTICIPATE IN THE PROGRAM AND SHALL NOT BE ELIGIBLE TO PARTICIPATE AT A LATER DATE.

(c) Each retiree or surviving spouse eligible for medical/hospital benefits beginning on the Effective Date shall be notified, not less than 90 days before the Effective Date, of such eligibility and of the terms and conditions of such benefits. After the Program is effective, each Employee or surviving spouse shall be notified not more than 90 days prior to the earliest date she or he may participate, of such eligibility and of the terms and conditions of such benefits. Such notice shall be in writing and written in such manner as to be understood by a person of average intellect and ability. Each eligible person desiring to participate shall elect to participate by completing and signing enrollment forms provided by the Plan Administrator not later than 30 days before the earliest day she or he may commence participation (or within 60

days after receipt of notification in the case of a surviving spouse of a suddenly deceased Employee). Each retiree or surviving spouse eligible for vision care benefits shall receive instructions for securing such benefits.

(d) Each retiree or surviving spouse eligible for prescription benefits shall receive an identification card and instructions for securing such benefits.

F. Limitations and Restrictions

Except as provided in paragraph 23 D., all contributions to the Program and earnings thereon, if any, shall be for the exclusive benefit of enrolled participants, and no part of such assets shall be diverted to any other purpose. In no event shall assets of the Management Plan relating to Pension and Annuity benefits be utilized for health benefits, and in no event shall assets of the Program be utilized for Pension or Annuity benefits.

The Program shall be administered in such manner that it shall not discriminate in favor of shareholders, officers and highly compensated Employees of the Company. Any Employee who during any Plan Year was a Key Employee, as defined in Section 416(i) of the Code, shall not be eligible to participate in the Program.

G. Termination or Modification

THE COMPANY RESERVES THE RIGHT IN ITS ABSOLUTE DISCRETION AT ANY TIME AND FROM TIME TO TIME AND WITHOUT PRIOR NOTICE TO PARTICIPANTS, BY ACTION OF ITS BOARD OF TRUSTEES OR PURSUANT TO AUTHORITY GRANTED BY ITS BOARD OF TRUSTEES, TO AMEND, MODIFY OR TERMINATE IN WHOLE OR IN PART THE RETIREE HEALTH PROGRAM SET FORTH ABOVE AND IN APPENDIX I AND TO REDUCE, CEASE OR INCREASE ITS CONTRIBUTIONS TO THE PLAN FOR THE PROGRAM. NO SUCH AMENDMENT, MODIFICATION, TERMINATION OR CHANGE IN COMPANY CONTRIBUTIONS SHALL RETROACTIVELY AFFECT ADVERSELY ANY PARTICIPANT'S BENEFIT UNDER THE PROGRAM.

24. COST-OF-LIVING ADJUSTMENTS

A. Effective Date

This paragraph 24 is effective as of January 1, 1987.

B. Eligibility

All Pensions and Annuities payable under the Plan for the

month of April in a calendar year, which Pensions and Annuities commenced to be paid prior to December 31 of the prior calendar year, shall be eligible for an adjustment hereunder. In the case of an Annuity payable to a surviving spouse of a retired participant, the surviving spouse's Annuity shall be deemed to have commenced on the date the retired participant's Pension

commenced.

C. Pensions and Annuities Adjusted Annually

Beginning with 1987, all eligible Pensions and Annuities being paid from time to time under the Management Plan shall be increased annually by the percentage determined under paragraph 24 D. Such adjustment shall be made for the month of April each year and for each month thereafter, until further changed or terminated in accordance with provisions of this Plan.

D. Percentage of Adjustment

Each annual adjustment shall equal seventy five percent (75%) of the percentage increase rounded to the nearest one-tenth percent (1/10%), in the Index specified in paragraph 24 F for the preceding December over the Index for the next-preceding December; provided, however, that such annual adjustment shall not:

(i) exceed three percent (3%) or
(ii) be less than zero percent (0%), of the eligible Pension or Annuity.

E. Limitation on Adjustments

No adjustment in a Pension or Annuity provided under this paragraph 24 may cause such Pension or Annuity, as adjusted, to be greater than the product of (A) the amount of such Pension or Annuity paid for the month of December 1986 or the later month in which the Pension or Annuity commenced ("Commencement Month"), multiplied by (B) a fraction, the numerator of which shall be the Index for the December immediately preceding the month of April in which the adjustment is to be made, and the denominator of which shall be the Index for the December immediately preceding the Commencement Month. For all purposes of calculating this limitation, the Annuity of a surviving spouse of an employee who retired and commenced to receive a Pension, shall be 50% of such retired employee's initial Pension, and the denominator of (B) shall be the Index for December 1985 or the Index for the December preceding the later month in which the retired employee commenced to receive the Pension. Any increase pursuant to this paragraph 24 shall be reduced to the extent required to satisfy the limitation set forth in this paragraph 24E.

F. Index

The Index to be used for purposes of this paragraph 24 shall be the Consumer Price Index, all urban consumers-U.S. city average, as published by the United States Department of Labor. If at any time such Index is revised or discontinued, or if the

Named Fiduciaries determine that a different index, device or other form of measurement more accurately measures the impact of inflation on the purchasing power of retirees, the Named Fiduciaries, with the advice of the Plan's Actuary, may substitute such other index, device or other form of measurement as they, in their discretion, determine to be appropriate.

G. Cash-Outs

In converting the deferred pension otherwise payable to an Employee to a Cash-Out, the actuarial assumptions underlying such conversion shall reflect 75 percent of the anticipated inflation related component of long term interest rates, which shall be calculated by subtracting an assumed real interest rate of 5.5 percent from the single interest rate that would produce a value equal to the value produced by the interest rates used under Section 417(e) of the Code, except that in no event shall the rate of the assumed postretirement cost of living adjustment exceed 3 percent or be less than zero.

APPENDIX I - RETIREE HEALTH PROGRAM

PART A - BENEFITS

I. HOSPITAL/MEDICAL BENEFITS

Description:

A hospital and medical plan for eligible retirees, and spouses, eligible surviving spouses of retirees, and unmarried dependent children to the end of the calendar year in which they attain age 19, or to the end of the calendar month in which they attain age 23 if full-time unmarried students, or unmarried handicapped children fully dependent on the eligible retiree or surviving spouse for support and maintenance regardless of age, provided such handicap was suffered prior to attaining age 19 or while covered by this plan. Benefits will be provided to those not eligible for Medicare and those eligible for Medicare except that benefits provided shall, for those Participants who are eligible for Medicare Parts A and B benefits, exclude benefits available under Medicare Parts A and B, whether or not such

Participants have enrolled in Part A and/or Part B. Coverage will be provided through a combination of three premium rates established for: Single person not eligible for Medicare, single person eligible for Medicare, and coverage for dependents (spouse and/or children).

Annual Deductibles:

HOSPITAL - 50% of the Part A Medicare annual per person deductible amount in effect at the time of the hospitalization (subject to a maximum $50 per person annual out-of-pocket expense for home health care expenses).

MEDICAL - $200 per person per year (includes the Medicare Part B deductible). For families with 4 or more persons covered, the maximum annual deductible is $600 and no more than $200 of any one person's covered medical expenses will be applied toward the family deductible.

Medical Expense Reimbursement Level:

Reasonable and customary charges as determined by the company providing or administering medical expense benefits.

Medical Expense Copayments:

20% for expenses from $200 to $7,500 per person per year.

None for expenses over $7,500 per person per year.

Medical Expense Lifetime Maximum Reimbursement:

$1,000,000 paid by the Plan for each individual.

Benefits:

HOSPITAL (Paid-in-Full)

A. Up to 365 days for semiprivate room and board and other usual charges in a legally constituted hospital, skilled nursing facility approved by Medicare, or hospice.

B. Up to 100 days of rehabilitative care in a JCHA rehabilitation institution per person per year.

C. 30 days per person per year for treatment of mental, psychoneurotic, or personality disorders in semiprivate room in an approved facility.

D. Up to 200 home health care visits per person per year by a licensed approved Home Health Care Agency.

E. Emergency room charges for accidental injury or sudden and serious illness (not subject to deductible).

F. Outpatient preadmission testing (not subject to the deductible).

G. Pregnancy is treated the same as any other sickness.

H. Precertification for hospital admission for a person who is not Medicare-eligible and concurrent review of length of hospital stay. The precertification program will review the medical necessity and length of hospital stays. If a participant does not call the insurance carrier administering the program for precertification before a scheduled hospital admission or within two business days after an emergency hospital admission, the participant will be responsible for $100 per day of the hospital charges normally covered under the plan, up to a maximum cost to the participant of $500. This amount shall be in addition to the

plan's hospital deductible. If a participant stays in the hospital for more days than the insurance carrier has certified, the participant may be responsible for the full cost of the uncertified days.

I. Inpatient diagnosis and treatment in a hospital or in an alcohol or substance abuse treatment center of alcoholism or alcohol abuse and substance abuse or substance dependence subject to the following limitations as to days of care:

- Up to 7 days of alcohol detoxification in any calendar year and up to 30 days of alcohol rehabilitation in any calendar year, but not more than 60 days in a lifetime.

- Up to 14 days of substance detoxification in any calendar year and up to 30 days of substance rehabilitation in any calendar year, but not more than 60 days in a lifetime.

MEDICAL

A. Payment of 100% of reasonable and customary charges (not subject to the deductible) for:

- Charges for outpatient surgery, provided a second opinion has been obtained, if required by the Plan

- Mandatory second opinion, which is required by the Plan for the following elective surgical procedures:

  - All foot surgery, including bunionectomy, arthrotomy, phalangectomy, capsulotomy, arthrodesis, arthroplasty, and straightening of hammer toe.

  - Varicose vein ligation and stripping

  - Knee surgery, including arthrectomy, arthrotomy, arthroscopy with partial meniscectomy, and arthroplasty.

  - Coronary Bypass procedures

  - Dilation and Curettage

  - Cataract surgery

  - Varicocelectomy

  - Hysterectomy

- Mastectomy

- Prostate surgery

- Intervertebral disc or spinal surgery

- Hemorrhoidectomy

- Deviated septum repair or reconstruction

B. Payment of 50% of reasonable and customary charges, subject to deductible, for:

- Elective surgical procedures for which mandatory second opinion has not been obtained

- Outpatient treatment of mental, psychoneurotic and personality disorders (subject to a $1,500 annual maximum per person provided, however, that a minimum reimbursement of $30 a visit will apply).

- Routine foot care ($250 maximum per person per year)

- Licensed Chiropractor services ($500 maximum per person per year)

C. Payment of reasonable and customary charges, subject to deductibles and copayments, for:

- Hospital services and supplies not covered under Hospital benefits

- Physician's services and supplies furnished as part of those services

- Inpatient surgical charges, provided a second opinion has been obtained, if required by the Plan

- X-Rays; X-Ray, Radium and Radioactive isotope therapies; Chemotherapy

- Laboratory services and diagnostic testing

- Surgical dressings, casts, splints, and other devices used for reductions, fractures and dislocations

- Anesthetics and their administration

- Rental or purchase of durable medical equipment when medically necessary

- Inpatient and outpatient private duty nursing care at a level determined to be appropriate and medically necessary by the insurance company insuring the benefits under the Plan

- Medically necessary ambulance services

- Artificial limbs, larynxes, eyes and other non-dental prosthetic devices

- Braces, trusses and crutches

- Heart pacemakers

- Treatment of accidentally injured natural teeth within 12 months of accident, including dental surgery and prosthetic devices

- Manual manipulation of the spine to correct a subluxation demonstrated by X-ray

- Oxygen

- Examination, purchase, and fitting of hearing aids, not subject to 20% copayment, but subject to a maximum of $300 per ear per lifetime

- Physical, speech, and occupational therapy when medically necessary

- Transfusions of blood and blood components and charges for the administration of the same

- Renal dialysis

D. Payment of 80% of reasonable and customary charges, subject to deductible, for diagnostic and medically necessary outpatient treatment of alcoholism or alcohol abuse and substance abuse or substance dependence for up to 60 outpatient visits per person in a calendar year. Up to an aggregate of 20 of the visits may be used for counseling covered family members. Exclusions:

- Injuries arising out of, or in the course of, employment for pay

- Injury or sickness caused by an act of war

- Prescription drugs and medications (except those dispensed during a hospital stay)

- Custodial Care

- Doctor's services or X-rays relating to teeth (except for treatment of accidental injury to natural teeth or removal of malignant mouth tumor)

- Services and supplies provided by any government agencies, or covered by worker's compensation, governmental agencies, no-fault insurance, or where there is no obligation to pay

- Routine check-ups

- Eyeglasses, contact lenses, eye examinations, vision training, and eye surgery to correct near- or far-sightedness or astigmatism

- Immunizations

- Acupuncture except when medically necessary and provided by a licensed physician

- Cosmetic surgery (except reconstructive surgery required as a result of injury, infection, disease or bodily function impairment due to birth disease or defect)

- Personal comfort items

- Experimental procedures or therapies

- Orthotic devices

- Blood or blood plasma replaced by or for the patient

- Actual or attempted impregnation or fertilization

- Nursing or any therapy provided by the retiree, or retiree's spouse, child, brother, sister, parent or parent-in-law

- Services or supplies not reasonable or customary or not medically necessary

II. PRESCRIPTION DRUG BENEFITS

Description:

A prescription drug payment Plan for retirees and their spouses, or surviving spouses of retirees, and, effective May 1, 1988, for their unmarried dependent children to the end of the calendar year in which they attain age 19, or to the end of the calendar month in which they attain age 23 if they are full-time students, and for their unmarried handicapped children who are fully dependent on the retiree or surviving spouse for support and maintenance regardless of age, provided such handicap was suffered prior to attaining age 19 or while covered by this Plan. Benefits are processed and administered by one or more companies selected by the Plan Administrator from time to time.

Cost to Participants:

There is an annual deductible per family set forth in Appendix I, Part B, that must be met before the Plan will reimburse a participant for prescriptions obtained under the prescription card program. The annual deductible shall not apply to prescriptions obtained under the mail service program.

Each prescription or refill requires the copayment set forth in Part B (the "required copayment") to be made by the retiree, but the Plan pays the entire balance of the cost for prescriptions filled under mail service coverage and, after the annual deductible is met, the entire balance of the cost of prescriptions filled at pharmacies designated as participating pharmacies for basic benefits.

Participants using non-participating pharmacies must pay for their prescriptions and submit reimbursement claims to the Plan. After the annual deductible is met, the Plan will reimburse participants an amount equal to one hundred percent (100%) of the average wholesale price of the prescription less the applicable co-payment.

Basic Coverage:

Virtually all legend drugs and medicines requiring a prescription from a doctor are eligible for payment. Compounded medication must include at least one prescription legend drug. A quantity sufficient for 34 days may be dispensed. Included are insulin and drugs prescribed for chronic conditions. Certain chronic prescription drugs may be dispensed in amounts up to 100

unit doses.

Refills of prescriptions are also covered. Authorized refills may be filled only up to one year from the date of the original prescription. After one year, the Plan requires a new prescription from the physician.

There is no limit to the number of prescriptions that may be filled, but the Participant must make the required co-payment for each prescription and each refill.

Prescription costs are covered whether the prescribing doctor is a doctor of medicine, a doctor of osteopathy, a dentist or a podiatrist.

Mail Service Coverage:

Prescription drugs taken on an ongoing basis are available in up to 180 day supply quantities by mail from the provider selected by the Plan Administrator. The same drugs are included for mail service benefits as for basic coverage.

Exclusions:

- Medicines and drugs ordinarily available without a doctor's prescription.

- Charges for the administration or injection of any drug.

- Therapeutical devices or appliances, including hypodermic needles, syringes, support garments and other non-medical substances, regardless of intended use (except that hypodermic needles and syringes are covered under the mail service program).

- Investigational or experimental drugs.

- Immunization agents, biological sera, blood or blood plasma.

- Medication taken or administered to an individual, while he or she is a patient in a licensed hospital, rest home, sanitarium, extended care facility, convalescent facility, nursing home, etc., which operates on its premises a facility for dispensing pharmaceutical.

Securing Basic Benefits:

Eligible participants will receive from the firm administering the benefits an identification card to be presented with the required co-payment at participating pharmacies. If prescriptions are purchased at nonparticipating pharmacies, the

pharmacist must complete an approved Prescription Drug Claim Form for submission to the firm administering the benefits.

Securing Mail Service Benefits:

Eligible participants should submit a Patient Profile Questionnaire to the firm selected by the Plan Administrator to administer mail service prescriptions together with the first prescription for up to a 180 day supply (refillable if applicable), and the required co-payment for each prescription. Only the required co-payment for each prescription or refill must be submitted with all future prescriptions or refills.

III. VISION CARE BENEFITS

Description

Vision care benefits provided within the medical/hospital benefit plan for retirees and their spouses, or surviving spouses of retirees, and for their dependent children who are eligible for medical/hospital benefits under the Program. Benefits are processed and administered by one or more companies selected by the Plan Administrator from time to time.

SCHEDULE OF BENEFITS

The maximum reimbursable amounts are:

I.	Vision Care Examination	$20
II.	A. or B.:	
	A. Pair of eyeglass lenses	$25
	Eyeglass frames	$20
	B. Contact Lenses	$45

Covered Vision Care:

Each eligible Participant is entitled to one eye examination and one pair of eyeglasses or contact lenses once in every 24 consecutive calendar months, as follows:

1. Eye Examination:

Vision examination when performed by a physician licensed to perform vision examinations and prescribe lenses, an ophthalmologist, or optometrist who evaluate the health and visual status of the eyes. An examination usually includes: case history, visual acuity (clearness of vision), external examination and measurement, interior examination with ophthalmoscope, pupillary reflexes and eye movements, retinoscopy (shadow test), subjective refraction, coordination measurements (far and near), tonometry (glaucoma test), medicating agents for diagnostic purposes, if applicable, and an analysis of the findings with recommendations and a prescription, if required.

2. Either A. or B.:

A. Eyeglasses, including:

(i) Two glass or plastic lenses, when they are prescribed by an ophthalmologist, a physician licensed to perform vision examinations and prescribe lenses or an optometrist. Lenses must meet the standards of the American National Standards Institute.

(ii) Frames adequate to hold lenses.

B. Contact Lenses

3. Dispensing Services

The allowances stated above include dispensing services performed by an ophthalmologist, a physician licensed to perform vision examinations and prescribe lenses, an optometrist or an optician who, based on a prescription prepares or orders the eyeglasses or contact lenses selected, verifies the accuracy of the lenses and assures that the eyeglasses or contact lenses fit properly.

Limitations and Exclusions:

Benefits are not payable for:

- The difference between the actual charge for services, lenses and/or frames, and the maximum amount therefor in the schedule of benefits.

- Service or supplies for which the covered person is entitled to or receives benefits under any other plan or program, insured or uninsured, for which the covered person's employer directly or indirectly pays all or part of the cost;

- Drugs or any other medication not administered for the purpose of a vision examination;

- Services and supplies in connection with medical or surgical treatment of the eye;

- Services and supplies in connection with special procedures such as, but not limited to, orthoptics, vision training, subnormal vision aids, aniseikonic lenses and tonography;

- Vision examination rendered and lenses or frames ordered:

1. before the person became eligible for vision care benefits coverage; or

2. after termination of vision care benefits coverage;

- Services or supplies not prescribed as necessary by a licensed physician, optometrist or optician;

- Charges for services or supplies that are experimental in nature;

- Replacement of lenses or frames that are lost or broken unless at the time of replacement the covered person is otherwise eligible under the frequency of services provision;

- Services or supplies that are covered by any

worker's compensation laws or similar legislation;

- Services or supplies for which no charge is made that the covered person is legally obligated to pay or for which no charge would be made in the absence of vision care benefits coverage;

- Sunglasses or other tinted glasses of any kind, photosensitive or anti-reflective lenses and aniseikonic lenses, to the extent any such charges exceed the charges for clear white plastic or glass lenses;

- Services or supplies required by an employer as a condition of employment, or which the employer is required to provide directly to the employee according to the terms of a labor contract;

- Services or supplies required by a government body;

- Services or supplies furnished by any government and any charges to the extent benefits are provided by government programs.

Securing Benefits

To file a claim a Participant should obtain a Retiree Health Plan claim form from the Company. The Participant should fill in the Participant portion of the claim form and have the form completed by the provider. The Participant should then send the completed form to the benefit processor who will reimburse Participant for the actual charge paid by the Participant for covered vision expenses but not for more than the amounts set forth in the schedule for maximum reimbursement amounts.

Alternatively, the Participant may on the Retiree Health Plan claim form request an assignment of the benefits to the provider, in which event the benefits processor will send the reimbursement check directly to the provider. The Participant is responsible for paying the full difference between the actual charges and the amount reimbursed.

IV. MODIFICATION OR TERMINATION OF PROGRAM

THE COMPANY RESERVES THE RIGHT IN ITS ABSOLUTE DISCRETION AT ANYTIME AND FROM TIME TO TIME AND WITHOUT PRIOR NOTICE TO PARTICIPANTS, BY ACTION OF ITS BOARD OF TRUSTEES OR PURSUANT TO AUTHORITY GRANTED BY ITS BOARD OF TRUSTEES, TO AMEND, MODIFY OR TERMINATE IN WHOLE OR IN PART THE RETIREE HEALTH PROGRAM SET FORTH IN THIS APPENDIX I, AND TO REDUCE, CEASE OR INCREASE ITS CONTRIBUTIONS TO THE PLAN FOR THE PROGRAM. NO SUCH AMENDMENT, MODIFICATION, TERMINATION OR CHANGE IN COMPANY CONTRIBUTIONS SHALL RETROACTIVELY AFFECT ADVERSELY ANY PARTICIPANT'S BENEFITS UNDER THE PROGRAM.

PART B - COSTS

Retiree Monthly Contribution for Medical/Hospital Benefits

Effective October 1, 1994 the following amounts for each participating eligible individual shall be deducted from the monthly Pension or Annuity payments to the retiree or surviving spouse:

A. Where Employee Retired Before June 1, 1988:

	Not Eligible for Medicare	Eligible for Medicare
Retiree	$ 48	$ 19
One or more Dependents	$ 72	$ 29
Surviving Spouse	$ 48	$ 19

B. Where Employee Retired After May 31, 1988:

	Not Eligible for Medicare	Eligible for Medicare
Retiree	$ 72	$ 19
One or more Dependents	$ 108	$ 29
Surviving Spouse	$ 72	$ 19.

Required Deductible and Copayment For Prescription Drugs

Effective May 1, 1992, a $25 annual deductible per family must be met before the Plan pays for any prescriptions obtained under the prescription card program. Effective May 1, 1992, the required copayment for basic coverage shall be $6.00 for brand name products and $3.00 for generic products, and there shall be no copayment for prescription drugs obtained under the mail service program.

Company Contribution

Each plan year, the Company will contribute an amount equal to the excess of the actuarially determined cost over total retiree contributions.

Effective Dates

The contribution and prescription drug annual deductible and co-payment levels set forth above are effective for the time periods indicated. New contribution, deductible and co-payment levels will be established by the Company from time to time, and Participants will be notified in advance of the effective date thereof. ANY INCREASES IN COSTS SHALL BE THE SOLE RESPONSIBILITY OF PARTICIPATING INDIVIDUALS, except to the extent the Company, in its sole discretion, elects to increase its contribution over levels in effect upon the dates indicated above.

TABLE A

EARLY RETIREMENT DISCOUNT FACTORS

APPLIED TO THE EMPLOYEE'S ACCRUED PENSION FOR RETIREMENTS PRIOR TO THE ATTAINMENT OF THE OPTIONAL RETIREMENT DATE

(MONTHS PRIOR IS THE NUMBER OF MONTHS BETWEEN AN EMPLOYEE'S RETIREMENT DATE AFTER HIS SIXTIETH BIRTHDAY AND THE DATE OF RETIREMENT)
(ALSO APPLIED IN CALCULATION OF SURVIVING SPOUSE BENEFIT)

Months Prior	Discount Factor	Months Prior	Discount Factor	Months Prior	Discount Factor	Months Prior	Discount Factor
1	0.99875	49	0.93875	97	0.46900	145	0.36200
2	0.99750	50	0.93750	98	0.46600	146	0.36000
3	0.99625	51	0.93625	99	0.46300	147	0.35800
4	0.99500	52	0.93500	100	0.46000	148	0.35600
5	0.99375	53	0.93375	101	0.45700	149	0.35400
6	0.99250	54	0.93250	102	0.45400	150	0.35200
7	0.99125	55	0.93125	103	0.45100	151	0.35000
8	0.99000	56	0.93000	104	0.44800	152	0.34800
9	0.98875	57	0.92875	105	0.44500	153	0.34600
10	0.98750	58	0.92750	106	0.44200	154	0.34400
11	0.98625	59	0.92625	107	0.43900	155	0.34200
12 (59)	0.98500	60 (55)	0.92500	108 (51)	0.43600	156 (47)	0.34000
13	0.98375	61	0.57700	109	0.43400	157	0.33800
14	0.98250	62	0.57400	110	0.43200	158	0.33600
15	0.98125	63	0.57100	111	0.43000	159	0.33400
16	0.98000	64	0.56800	112	0.42800	160	0.33200
17	0.97875	65	0.56500	113	0.42600	161	0.33000
18	0.97750	66	0.56200	114	0.42400	162	0.32800
19	0.97625	67	0.55900	115	0.42200	163	0.32600
20	0.97500	68	0.55600	116	0.42000	164	0.32400
21	0.97375	69	0.55300	117	0.41800	165	0.32200
22	0.97250	70	0.55000	118	0.41600	166	0.32000

23		0.97125	71		0.54700	119		0.41400	167		0.31800
24	(58)	0.97000	72	(54)	0.54400	120	(50)	0.41200	168	(46)	0.31600
25		0.96875	73		0.54100	121		0.41000	169		0.31400
26		0.96750	74		0.53800	122		0.40800	170		0.31200
27		0.96625	75		0.53500	123		0.40600	171		0.31000
28		0.96500	76		0.53200	124		0.40400	172		0.30800
29		0.96375	77		0.52900	125		0.40200	173		0.30600
30		0.96250	78		0.52600	126		0.40000	174		0.30400
31		0.96125	79		0.52300	127		0.39800	175		0.30200
32		0.96000	80		0.52000	128		0.39600	176		0.30000
33		0.95875	81		0.51700	129		0.39400	177		0.29800
34		0.95750	82		0.51400	130		0.39200	178		0.29600
35		0.95625	83		0.51100	131		0.39000	179		0.29400
36	(57)	0.95500	84	(53)	0.50800	132	(49)	0.38800	180	(45)	0.29200
37		0.95375	85		0.50500	133		0.38600			
38		0.95250	86		0.50200	134		0.38400			
39		0.95125	87		0.49900	135		0.38200			
40		0.95000	88		0.49600	136		0.38000			
41		0.94875	89		0.49300	137		0.37800			
42		0.94750	90		0.49000	138		0.37600			
43		0.94625	91		0.48700	139		0.37400			
44		0.94500	92		0.48400	140		0.37200			
45		0.94375	93		0.48100	141		0.37000			
46		0.94250	94		0.47800	142		0.36800			
47		0.94125	95		0.47500	143		0.36600			
48	(56)	0.94000	96	(52)	0.47200	144	(48)	0.36400			

Exact ages shown in parenthesis

TABLE B

LUMP-SUM DISTRIBUTION FACTORS
(Present Value Factors)

Factor Corresponding to Age of Employee at Termination
Which When Applied to Vested Pension Payable at Age 65
Will Determine "Cashout" Value

Age *	Factor	Age *	Factor
20	0.6969	45	2.7271
21	0.7335	46	2.8859
22	0.7743	47	3.0552
23	0.8173	48	3.2359
24	0.8628	49	3.4289
25	0.9108	50	3.6354
26	0.9615	51	3.8566
27	1.0151	52	4.0937
28	1.0717	53	4.3482
29	1.1315	54	4.6216
30	1.1947	55	4.9158
31	1.2614	56	5.2325
32	1.3320	57	5.5737
33	1.4066	58	5.9415
34	4.4855	59	6.3387
35	1.5689	60	6.7692
36	1.6571	61	7.2372
37	1.7504	62	7.7472
38	1.8492	63	8.3042
39	1.9538	64	8.9143
40	2.0645		
41	2.1817		
42	2.3060		
43	2.4379		

44	2.5781

* Age at termination is age nearest birthday.
(Age 43 and 6 months = Age 44)

Mortality: 1971 TPF&C Forecast
Interest: 5.50%

TABLE C

10 Year Certain Annuity
Conversion Factors

Age	Factor	Age	Factor
45	.9916	61	.9547
46	.9905	62	.9488
47	.9894	63	.9420
48	.9881	64	.9344
49	.9868	65	.9259
50	.9854	66	.9166
51	.9839	67	.9064
52	.9823	68	.8954
53	.9806	69	.8835
54	.9878	70	.8706
55	.9765	71	.8566
56	.9741	72	.8412
57	.9713	73	.8245
58	.9681	74	.8062
59	.9643	75	.7865
60	.9598		

Based on:
7 1/2% Discount Rate
1983 Group Annuity Mortality Table

TABLE D
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FACTORS FOR CONVERTING A 50% JOINT LIFE
INTO A 50% JOINT LIFE & 10 YEAR CERTAIN ANNUITY

AGE OF SPOUSE	AGE OF EMPLOYEE 25	26	27	28	29	30	31	32	33	34
15	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
16	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
17	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
18	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
19	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
20	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
21	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
22	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
23	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
24	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
25	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
26	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
27	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
28	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
29	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
30	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
31	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
32	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
33	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
34	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
35	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
36	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
37	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
38	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
39	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
40	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
41	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
42	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
43	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
44	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
45	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
46	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
47	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
48	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
49	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
50	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
51	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
52	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
53	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
54	1.000	.999	.999	.999	.999	.999	.999	.999	.999	.999
55	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
56	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
57	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
58	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
59	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
60	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
61	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
62	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
63	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
64	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
65	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
66	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
67	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
68	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
69	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999

MORTALITY: 1983 GROUP ANNUITY MORTALITY TABLE - NO MARGINS
INTEREST: 7.5% PER YEAR TOWERS, PERRIN, FORSTER & CHOSBY

TABLE D
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FACTORS FOR CONVERTING A 50% JOINT LIFE
INTO A 50% JOINT LIFE & 10 YEAR CERTAIN ANNUITY

AGE OF SPOUSE	AGE OF EMPLOYEE 25	26	27	28	29	30	31	32	33	34
70	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
71	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
72	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
73	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
74	.999	.999	.999	.999	.999	.999	.999	.999	.999	.999
75	.999	.999	.999	.999	.999	.999	.999	.999	.999	.998
76	.999	.999	.999	.999	.999	.999	.999	.999	.999	.998
77	.999	.999	.999	.999	.999	.999	.999	.999	.999	.998
78	.999	.999	.999	.999	.999	.999	.999	.999	.999	.998
79	.999	.999	.999	.999	.999	.999	.999	.999	.998	.998
80	.999	.999	.999	.999	.999	.999	.999	.999	.998	.998
81	.999	.999	.999	.999	.999	.999	.999	.999	.998	.998

82	.999	.999	.999	.999	.999	.999	.999	.999	.998	.998
83	.999	.999	.999	.999	.999	.999	.999	.998	.998	.998
84	.999	.999	.999	.999	.999	.999	.999	.998	.998	.998
85	.999	.999	.999	.999	.999	.999	.999	.998	.998	.998
86	.999	.999	.999	.999	.999	.999	.999	.998	.998	.998
87	.999	.999	.999	.999	.999	.999	.998	.998	.998	.998
88	.999	.999	.999	.999	.999	.999	.998	.998	.998	.998
89	.999	.999	.999	.999	.999	.999	.998	.998	.998	.998
90	.999	.999	.999	.999	.999	.999	.998	.998	.998	.998
91	.999	.999	.999	.999	.999	.999	.998	.998	.998	.998
92	.999	.999	.999	.999	.999	.999	.998	.998	.998	.998
93	.999	.999	.999	.999	.999	.998	.998	.998	.998	.998
94	.999	.999	.999	.999	.999	.998	.998	.998	.998	.998
95	.999	.999	.999	.999	.999	.998	.998	.998	.998	.998
96	.999	.999	.999	.999	.999	.998	.998	.998	.998	.998
97	.999	.999	.999	.999	.999	.998	.998	.998	.998	.998
98	.999	.999	.999	.999	.999	.998	.998	.998	.998	.998
99	.999	.999	.999	.999	.999	.998	.998	.998	.998	.998

MORTALITY: 1983 GROUP ANNUITY MORTALITY TABLE - NO MARGINS
INTEREST: 7.5% PER YEAR TOWERS, PERRIN, FORSTER & CHOSBY

TABLE D
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FACTORS FOR CONVERTING A 50% JOINT LIFE
INTO A 50% JOINT LIFE & 10 YEAR CERTAIN ANNUITY

AGE OF	AGE OF EMPLOYEE									
SPOUSE	35	36	37	38	39	40	41	42	43	44
15	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
16	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
17	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
18	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
19	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
20	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
21	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
22	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
23	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
24	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
25	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
26	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
27	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
28	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
29	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
30	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
31	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
32	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
33	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
34	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
35	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
36	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
37	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
38	.999	.999	.999	.998	.998	.998	.998	.997	.997	.997
39	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996
40	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996
41	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996

42	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996
43	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996
44	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996
45	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996
46	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996
47	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996
48	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996
49	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996
50	.999	.999	.999	.998	.998	.998	.998	.997	.997	.996
51	.999	.999	.998	.998	.998	.998	.998	.997	.997	.996
52	.999	.999	.998	.998	.998	.998	.997	.997	.997	.996
53	.999	.999	.998	.998	.998	.998	.997	.997	.997	.996
54	.999	.999	.998	.998	.998	.998	.997	.997	.997	.996
55	.999	.999	.998	.998	.998	.998	.997	.997	.997	.996
56	.999	.999	.998	.998	.998	.998	.997	.997	.997	.996
57	.999	.999	.998	.998	.998	.998	.997	.997	.997	.996
58	.999	.999	.998	.998	.998	.998	.997	.997	.997	.996
59	.999	.999	.998	.998	.998	.998	.997	.997	.997	.996
60	.999	.999	.998	.998	.998	.998	.997	.997	.997	.996
61	.999	.999	.998	.998	.998	.998	.997	.997	.997	.996
62	.999	.999	.998	.998	.998	.998	.997	.997	.996	.996
63	.999	.999	.998	.998	.998	.998	.997	.997	.996	.996
64	.999	.998	.998	.998	.998	.998	.997	.997	.996	.996
65	.999	.998	.998	.998	.998	.998	.997	.997	.996	.996
66	.999	.998	.998	.998	.998	.997	.997	.997	.996	.996
67	.999	.998	.998	.998	.998	.997	.997	.997	.996	.996
68	.999	.998	.998	.998	.998	.997	.997	.997	.996	.996
69	.999	.998	.998	.998	.998	.997	.997	.997	.996	.996

MORTALITY: 1983 GROUP ANNUITY MORTALITY TABLE - NO MARGINS
INTEREST: 7.5% PER YEAR TOWERS, PERRIN, FORSTER & CHOSBY

TABLE D
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FACTORS FOR CONVERTING A 50% JOINT LIFE
INTO A 50% JOINT LIFE & 10 YEAR CERTAIN ANNUITY

AGE OF	AGE OF EMPLOYEE									
SPOUSE	35	36	37	38	39	40	41	42	43	44
70	.998	.998	.998	.998	.998	.997	.997	.997	.996	.995
71	.998	.998	.998	.998	.998	.997	.997	.996	.996	.995
72	.998	.998	.998	.998	.998	.997	.997	.996	.996	.995
73	.998	.998	.998	.998	.997	.997	.997	.996	.996	.995
74	.998	.998	.998	.998	.997	.997	.997	.996	.996	.995
75	.998	.998	.998	.998	.997	.997	.997	.996	.996	.995
76	.998	.998	.998	.998	.997	.997	.997	.996	.996	.995
77	.998	.998	.998	.998	.997	.997	.996	.996	.995	.995
78	.998	.998	.998	.998	.997	.997	.996	.996	.995	.995
79	.998	.998	.998	.997	.997	.997	.996	.996	.995	.995
80	.998	.998	.998	.997	.997	.997	.996	.996	.995	.994
81	.998	.998	.998	.997	.997	.997	.996	.996	.995	.994
82	.998	.998	.998	.997	.997	.997	.996	.996	.995	.994
83	.998	.998	.998	.997	.997	.996	.996	.995	.995	.994
84	.998	.998	.997	.997	.997	.996	.996	.995	.995	.994
85	.998	.998	.997	.997	.997	.996	.996	.995	.995	.994
86	.998	.998	.997	.997	.997	.996	.996	.995	.995	.994
87	.998	.998	.997	.997	.997	.996	.996	.995	.994	.994
88	.998	.998	.997	.997	.997	.996	.996	.995	.994	.994
89	.998	.998	.997	.997	.997	.996	.996	.995	.994	.994
90	.998	.998	.997	.997	.997	.996	.996	.995	.994	.993
91	.998	.997	.997	.997	.996	.996	.995	.995	.994	.993
92	.998	.997	.997	.997	.996	.996	.995	.995	.994	.993
93	.998	.997	.997	.997	.996	.996	.995	.995	.994	.993
94	.998	.997	.997	.997	.996	.996	.995	.995	.994	.993
95	.998	.997	.997	.997	.996	.996	.995	.995	.994	.993
96	.998	.997	.997	.997	.996	.996	.995	.995	.994	.993
97	.998	.997	.997	.997	.996	.996	.995	.995	.994	.993
98	.998	.997	.997	.997	.996	.996	.995	.995	.994	.993
99	.998	.997	.997	.997	.996	.996	.995	.994	.994	.993

MORTALITY: 1983 GROUP ANNUITY MORTALITY TABLE - NO MARGINS
INTEREST: 7.5% PER YEAR TOWERS, PERRIN, FORSTER & CHOSBY

TABLE D
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FACTORS FOR CONVERTING A 50% JOINT LIFE
INTO A 50% JOINT LIFE & 10 YEAR CERTAIN ANNUITY

AGE OF SPOUSE	AGE OF EMPLOYEE 45	46	47	48	49	50	51	52	53	54
15	.996	.996	.995	.995	.994	.993	.993	.992	.991	.991
16	.996	.996	.995	.995	.994	.993	.993	.992	.991	.991
17	.996	.996	.995	.995	.994	.993	.993	.992	.991	.991
18	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
19	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
20	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
21	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
22	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
23	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
24	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
25	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
26	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
27	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
28	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
29	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
30	.996	.996	.995	.995	.994	.993	.993	.992	.991	.990
31	.996	.996	.995	.994	.994	.993	.993	.992	.991	.990
32	.996	.996	.995	.994	.994	.993	.993	.992	.991	.990
33	.996	.996	.995	.994	.994	.993	.993	.992	.991	.990
34	.996	.996	.995	.994	.994	.993	.993	.992	.991	.990
35	.996	.996	.995	.994	.994	.993	.993	.992	.991	.990
36	.996	.996	.995	.994	.994	.993	.993	.992	.991	.990
37	.996	.996	.995	.994	.994	.993	.993	.992	.991	.990
38	.996	.996	.995	.994	.994	.993	.992	.992	.991	.990
39	.996	.996	.995	.994	.994	.993	.992	.992	.991	.990
40	.996	.996	.995	.994	.994	.993	.992	.992	.991	.990
41	.996	.995	.995	.994	.994	.993	.992	.992	.991	.990
42	.996	.995	.995	.994	.994	.993	.992	.992	.991	.990
43	.996	.995	.995	.994	.994	.993	.992	.992	.991	.990
44	.996	.995	.995	.994	.994	.993	.992	.992	.991	.990
45	.996	.995	.995	.994	.994	.993	.992	.992	.991	.990
46	.996	.995	.995	.994	.994	.993	.992	.992	.991	.990
47	.996	.995	.995	.994	.994	.993	.992	.991	.991	.990
48	.996	.995	.995	.994	.994	.993	.992	.991	.991	.990
49	.996	.995	.995	.994	.994	.993	.992	.991	.991	.990
50	.996	.995	.995	.994	.994	.993	.992	.991	.991	.990
51	.996	.995	.995	.994	.993	.993	.992	.991	.990	.990
52	.996	.995	.995	.994	.993	.993	.992	.991	.990	.990
53	.996	.995	.995	.994	.993	.993	.992	.991	.990	.996
54	.996	.995	.995	.994	.993	.993	.992	.991	.990	.989
55	.996	.995	.995	.994	.993	.993	.992	.991	.990	.989
56	.996	.995	.995	.994	.993	.993	.992	.991	.990	.989
57	.996	.995	.995	.994	.993	.993	.992	.991	.990	.989
58	.996	.995	.994	.994	.993	.992	.992	.991	.990	.989
59	.996	.995	.994	.994	.993	.992	.992	.991	.990	.989
60	.996	.995	.994	.994	.993	.992	.992	.991	.990	.989
61	.995	.995	.994	.994	.993	.992	.991	.991	.990	.989
62	.995	.995	.994	.994	.993	.992	.991	.990	.990	.989
63	.995	.995	.994	.994	.993	.992	.991	.990	.989	.988
64	.995	.995	.994	.993	.993	.992	.991	.990	.989	.988
65	.995	.995	.994	.993	.993	.992	.991	.990	.989	.988
66	.995	.995	.994	.993	.992	.992	.991	.990	.989	.988
67	.995	.995	.994	.993	.992	.992	.991	.990	.989	.988
68	.995	.994	.994	.993	.992	.991	.991	.989	.989	.987
69	.995	.994	.994	.993	.992	.991	.990	.989	.988	.987

MORTALITY: 1983 GROUP ANNUITY MORTALITY TABLE - NO MARGINS
INTEREST: 7.5% PER YEAR TOWERS, PERRIN, FORSTER & CHOSBY

TABLE D
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FACTORS FOR CONVERTING A 50% JOINT LIFE
INTO A 50% JOINT LIFE & 10 YEAR CERTAIN ANNUITY

AGE OF	AGE OF EMPLOYEE									
SPOUSE	45	46	47	48	49	50	51	52	53	54
70	.995	.994	.994	.993	.992	.991	.990	.989	.988	.987
71	.995	.994	.993	.993	.992	.991	.990	.989	.988	.987
72	.995	.994	.993	.992	.992	.991	.990	.989	.988	.987
73	.995	.994	.993	.992	.991	.991	.990	.989	.987	.986
74	.994	.994	.993	.992	.991	.990	.989	.988	.987	.986
75	.994	.994	.993	.992	.991	.990	.989	.988	.987	.986
76	.994	.993	.993	.992	.991	.990	.989	.988	.987	.985
77	.994	.993	.993	.992	.991	.990	.989	.988	.986	.985
78	.994	.993	.992	.991	.991	.990	.988	.987	.986	.985
79	.994	.993	.992	.991	.990	.989	.988	.987	.986	.984
80	.994	.993	.992	.991	.990	.989	.988	.987	.985	.984
81	.994	.993	.992	.991	.990	.989	.988	.986	.985	.984
82	.993	.993	.992	.991	.990	.989	.987	.986	.985	.983
83	.993	.992	.992	.991	.990	.988	.987	.986	.985	.983
84	.993	.992	.991	.990	.989	.988	.987	.986	.984	.983
85	.993	.992	.991	.990	.989	.988	.987	.986	.984	.983
86	.993	.992	.991	.990	.989	.988	.987	.985	.984	.982
87	.993	.992	.991	.990	.989	.988	.986	.985	.984	.982
88	.993	.992	.991	.990	.989	.987	.986	.985	.983	.982
89	.993	.992	.991	.990	.989	.987	.986	.985	.983	.981
90	.993	.992	.991	.990	.988	.987	.986	.984	.983	.981
91	.992	.992	.991	.989	.988	.987	.986	.984	.983	.981
92	.992	.991	.991	.989	.988	.987	.986	.984	.983	.981
93	.992	.991	.990	.989	.988	.987	.985	.984	.982	.981
94	.992	.991	.990	.989	.988	.987	.985	.984	.982	.980
95	.992	.991	.990	.989	.988	.986	.985	.984	.982	.980
96	.992	.991	.990	.989	.988	.986	.985	.983	.982	.980
97	.992	.991	.990	.989	.988	.986	.985	.983	.982	.980
98	.992	.991	.990	.989	.987	.986	.985	.983	.982	.980
99	.992	.991	.990	.989	.987	.986	.985	.983	.981	.980

MORTALITY: 1983 GROUP ANNUITY MORTALITY TABLE - NO MARGINS
INTEREST: 7.5% PER YEAR TOWERS, PERRIN, FORSTER & CHOSBY

TABLE D
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FACTORS FOR CONVERTING A 50% JOINT LIFE
INTO A 50% JOINT LIFE & 10 YEAR CERTAIN ANNUITY

AGE OF	AGE OF EMPLOYEE									
SPOUSE	55	56	57	58	59	60	61	62	63	64
15	.990	.989	.988	.986	.985	.983	.981	.979	.976	.973
16	.990	.989	.987	.986	.985	.983	.981	.978	.976	.973
17	.990	.989	.987	.986	.985	.983	.981	.978	.976	.973

18	.990	.989	.987	.986	.985	.983	.981	.978	.976	.973
19	.990	.989	.987	.986	.985	.983	.981	.978	.976	.973
20	.990	.989	.987	.986	.985	.983	.981	.978	.976	.973
21	.990	.989	.987	.986	.985	.983	.981	.978	.976	.973
22	.990	.989	.987	.986	.985	.983	.981	.978	.976	.973
23	.990	.989	.987	.986	.985	.983	.981	.978	.976	.973
24	.990	.989	.987	.986	.985	.983	.981	.978	.976	.973
25	.990	.989	.987	.986	.984	.983	.981	.978	.976	.973
26	.990	.989	.987	.986	.984	.983	.981	.978	.976	.973
27	.990	.988	.987	.986	.984	.983	.981	.978	.976	.973
28	.989	.988	.987	.986	.984	.983	.981	.978	.976	.973
29	.989	.988	.987	.986	.984	.983	.980	.978	.975	.972
30	.989	.988	.987	.986	.984	.983	.980	.978	.975	.972
31	.989	.988	.987	.986	.984	.983	.980	.978	.975	.972
32	.989	.988	.987	.986	.984	.982	.980	.978	.975	.972
33	.989	.988	.987	.986	.984	.982	.980	.978	.975	.972
34	.989	.988	.987	.986	.984	.982	.980	.978	.975	.972
35	.989	.988	.987	.986	.984	.982	.980	.978	.975	.972
36	.989	.988	.987	.986	.984	.982	.980	.978	.975	.972
37	.989	.988	.987	.986	.984	.982	.980	.978	.975	.972
38	.989	.988	.987	.986	.984	.982	.980	.978	.975	.972
39	.989	.988	.987	.986	.984	.982	.980	.978	.975	.972
40	.989	.988	.987	.986	.984	.982	.980	.977	.975	.972
41	.989	.988	.987	.985	.984	.982	.980	.977	.975	.971
42	.989	.988	.987	.985	.984	.982	.980	.977	.974	.971
43	.989	.988	.987	.985	.984	.982	.980	.977	.974	.971
44	.989	.988	.987	.985	.984	.982	.979	.977	.974	.971
45	.989	.988	.987	.985	.984	.982	.979	.977	.974	.971
46	.989	.988	.987	.985	.983	.981	.979	.977	.974	.971
47	.989	.988	.986	.985	.983	.981	.979	.977	.974	.970
48	.989	.988	.986	.985	.983	.981	.979	.976	.974	.970
49	.989	.988	.986	.985	.983	.981	.979	.976	.973	.970
50	.989	.988	.986	.985	.983	.981	.979	.976	.973	.970
51	.989	.987	.986	.985	.983	.981	.979	.976	.973	.970
52	.989	.987	.986	.985	.983	.981	.978	.976	.973	.969
53	.988	.987	.986	.984	.983	.981	.978	.976	.973	.969
54	.988	.987	.986	.984	.983	.990	.978	.975	.972	.969
55	.988	.987	.986	.984	.982	.990	.978	.975	.972	.969
56	.988	.987	.986	.984	.982	.990	.978	.975	.972	.968
57	.988	.987	.986	.984	.982	.990	.978	.975	.972	.968
58	.988	.987	.985	.984	.982	.990	.977	.974	.971	.968
59	.988	.987	.985	.984	.982	.990	.977	.974	.971	.967
60	.988	.986	.985	.983	.982	.979	.977	.974	.970	.967
61	.988	.986	.985	.983	.981	.979	.976	.973	.970	.966
62	.987	.986	.985	.983	.981	.979	.976	.973	.970	.966
63	.987	.986	.984	.983	.981	.978	.976	.973	.969	.965
64	.987	.986	.984	.982	.980	.978	.975	.972	.969	.965
65	.987	.986	.984	.982	.980	.978	.975	.972	.968	.964
66	.987	.985	.984	.982	.980	.977	.974	.971	.968	.963
67	.986	.985	.983	.982	.979	.977	.974	.971	.967	.963
68	.986	.985	.983	.981	.979	.977	.974	.970	.966	.962
69	.986	.985	.983	.981	.979	.976	.973	.970	.966	.961

MORTALITY: 1983 GROUP ANNUITY MORTALITY TABLE - NO MARGINS
INTEREST: 7.5% PER YEAR TOWERS, PERRIN, FORSTER & CHOSBY

TABLE D
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FACTORS FOR CONVERTING A 50% JOINT LIFE
INTO A 50% JOINT LIFE & 10 YEAR CERTAIN ANNUITY

AGE OF	AGE OF EMPLOYEE									
SPOUSE	55	56	57	58	59	60	61	62	63	64
70	.986	.984	.983	.981	.978	.976	.973	.969	.965	.961
71	.985	.984	.982	.980	.978	.975	.972	.968	.964	.960
72	.985	.984	.982	.980	.977	.975	.971	.968	.964	.959
73	.985	.983	.981	.979	.977	.974	.971	.967	.963	.958
74	.985	.983	.981	.979	.976	.974	.970	.966	.962	.957
75	.984	.983	.981	.978	.976	.973	.969	.966	.961	.956
76	.984	.982	.980	.978	.975	.972	.969	.965	.960	.955
77	.983	.982	.980	.978	.975	.972	.968	.964	.959	.954
78	.983	.981	.979	.977	.974	.971	.967	.963	.958	.953
79	.983	.981	.979	.977	.974	.970	.967	.962	.957	.952
80	.982	.981	.979	.976	.973	.970	.966	.962	.957	.951
81	.982	.980	.978	.976	.973	.969	.965	.961	.956	.950
82	.982	.980	.978	.975	.972	.969	.965	.960	.955	.949
83	.981	.979	.977	.975	.972	.968	.964	.959	.954	.948
84	.981	.979	.977	.974	.971	.968	.963	.959	.953	.947
85	.981	.979	.976	.974	.971	.967	.963	.958	.952	.946
86	.980	.978	.976	.973	.970	.966	.962	.957	.952	.945
87	.980	.978	.976	.973	.970	.966	.962	.957	.951	.944

88	.980	.978	.975	.973	.969	.965	.961	.956	.950	.944
89	.980	.978	.975	.972	.969	.965	.961	.955	.949	.943
90	.979	.977	.975	.972	.968	.965	.960	.955	.949	.942
91	.979	.977	.974	.972	.968	.964	.960	.954	.948	.941
92	.979	.977	.974	.971	.968	.964	.959	.954	.948	.941
93	.979	.976	.974	.971	.967	.963	.959	.953	.947	.940
94	.978	.976	.974	.971	.967	.963	.958	.953	.947	.940
95	.978	.976	.973	.970	.967	.963	.958	.952	.946	.939
96	.978	.976	.973	.970	.967	.962	.958	.952	.946	.939
97	.978	.976	.973	.970	.966	.962	.957	.952	.945	.938
98	.978	.975	.973	.970	.966	.962	.957	.951	.945	.938
99	.978	.975	.973	.969	.966	.962	.957	.951	.944	.937

MORTALITY: 1983 GROUP ANNUITY MORTALITY TABLE - NO MARGINS
INTEREST: 7.5% PER YEAR TOWERS, PERRIN, FORSTER & CHOSBY

TABLE D
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FACTORS FOR CONVERTING A 50% JOINT LIFE
INTO A 50% JOINT LIFE & 10 YEAR CERTAIN ANNUITY

AGE OF	AGE OF EMPLOYEE										
SPOUSE	65	66	67	68	69	70	71	72	73	74	75
15	.970	.966	.963	.959	.954	.950	.945	.940	.934	.928	.921
16	.970	.966	.963	.959	.954	.950	.945	.939	.934	.927	.921
17	.970	.966	.963	.959	.954	.950	.945	.939	.934	.927	.921
18	.970	.966	.962	.958	.954	.950	.945	.939	.934	.927	.921
19	.970	.966	.962	.958	.954	.950	.945	.939	.934	.927	.921
20	.970	.966	.962	.958	.954	.950	.945	.939	.933	.927	.920
21	.970	.966	.962	.958	.954	.949	.945	.939	.933	.927	.920
22	.970	.966	.962	.958	.954	.949	.944	.939	.933	.927	.920
23	.970	.966	.962	.958	.954	.949	.944	.939	.933	.927	.920
24	.969	.966	.962	.958	.954	.949	.944	.939	.933	.927	.920
25	.969	.966	.962	.958	.954	.949	.944	.939	.933	.927	.920
26	.969	.966	.962	.958	.954	.949	.944	.939	.933	.927	.920
27	.969	.966	.962	.958	.954	.949	.944	.939	.933	.926	.920
28	.969	.966	.962	.958	.954	.949	.944	.938	.933	.926	.919
29	.969	.966	.962	.958	.953	.949	.944	.938	.932	.926	.919
30	.969	.966	.962	.958	.953	.949	.944	.938	.932	.926	.919
31	.969	.966	.962	.958	.953	.949	.943	.938	.932	.926	.919
32	.969	.965	.962	.957	.953	.948	.943	.938	.932	.926	.919
33	.969	.965	.961	.957	.953	.948	.943	.938	.932	.925	.918
34	.969	.965	.961	.957	.953	.948	.943	.938	.932	.925	.918
35	.969	.965	.961	.957	.953	.948	.943	.937	.931	.925	.918
36	.969	.965	.961	.957	.953	.948	.943	.937	.931	.925	.918
37	.969	.965	.961	.957	.952	.948	.942	.937	.931	.924	.917
38	.968	.965	.961	.957	.952	.947	.942	.937	.931	.924	.917
39	.968	.965	.961	.956	.952	.947	.942	.936	.930	.924	.917
40	.968	.964	.961	.956	.952	.947	.942	.936	.930	.923	.916
41	.968	.964	.960	.956	.952	.947	.941	.936	.930	.923	.916
42	.968	.964	.960	.956	.951	.946	.941	.935	.929	.922	.915
43	.968	.964	.960	.956	.951	.946	.941	.935	.929	.922	.915
44	.968	.964	.960	.955	.951	.946	.940	.935	.928	.922	.914
45	.967	.964	.959	.955	.950	.945	.940	.934	.928	.921	.914
46	.967	.963	.959	.955	.950	.945	.940	.934	.927	.920	.913
47	.967	.963	.959	.954	.950	.945	.939	.933	.927	.920	.912
48	.967	.963	.959	.954	.949	.944	.939	.933	.926	.919	.912

49	.966	.963	.958	.954	.949	.944	.938	.932	.926	.919	.911
50	.966	.962	.958	.953	.949	.943	.938	.932	.925	.918	.910
51	.966	.962	.958	.953	.948	.943	.937	.931	.924	.917	.909
52	.966	.962	.957	.953	.948	.942	.937	.930	.924	.916	.909
53	.965	.961	.957	.952	.947	.942	.936	.930	.923	.916	.908
54	.965	.961	.957	.952	.947	.941	.935	.929	.922	.915	.907
55	.965	.961	.956	.951	.946	.941	.935	.928	.921	.914	.906
56	.964	.960	.956	.951	.946	.940	.934	.928	.921	.913	.905
57	.964	.960	.955	.950	.945	.939	.933	.927	.920	.912	.904
58	.964	.959	.955	.950	.944	.939	.932	.926	.919	.911	.902
59	.963	.959	.954	.949	.944	.938	.932	.925	.917	.909	.901
60	.963	.958	.954	.948	.943	.937	.931	.924	.916	.908	.899
61	.962	.958	.953	.948	.942	.936	.929	.922	.915	.906	.898
62	.962	.957	.952	.947	.941	.935	.928	.921	.913	.905	.896
63	.961	.956	.951	.946	.940	.934	.927	.920	.912	.903	.894
64	.960	.956	.950	.945	.939	.933	.926	.918	.910	.901	.892
65	.960	.955	.950	.944	.938	.931	.924	.917	.908	.899	.890
66	.959	.954	.949	.943	.937	.930	.923	.915	.906	.897	.887
67	.958	.953	.948	.942	.935	.928	.921	.913	.904	.895	.885
68	.957	.952	.947	.940	.934	.927	.919	.911	.902	.893	.882
69	.956	.951	.945	.939	.933	.925	.918	.909	.900	.890	.880

MORTALITY: 1983 GROUP ANNUITY MORTALITY TABLE - NO MARGINS
INTEREST: 7.5% PER YEAR TOWERS, PERRIN, FORSTER & CHOSBY

TABLE D
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

FACTORS FOR CONVERTING A 50% JOINT LIFE
INTO A 50% JOINT LIFE & 10 YEAR CERTAIN ANNUITY

AGE OF	AGE OF EMPLOYEE										
SPOUSE	65	66	67	68	69	70	71	72	73	74	75
70	.956	.950	.944	.938	.931	.924	.916	.907	.898	.888	.877
71	.955	.949	.943	.937	.930	.922	.914	.905	.896	.885	.874
72	.954	.948	.942	.935	.928	.920	.912	.903	.893	.882	.871
73	.953	.947	.941	.934	.926	.919	.910	.901	.890	.880	.868
74	.952	.946	.939	.932	.925	.917	.908	.898	.888	.876	.864
75	.950	.944	.938	.931	.923	.915	.906	.896	.885	.873	.861
76	.949	.943	.936	.929	.921	.912	.903	.893	.882	.870	.857
77	.948	.942	.935	.927	.919	.910	.901	.890	.879	.867	.854
78	.947	.940	.933	.926	.917	.908	.898	.888	.876	.864	.850
79	.946	.939	.932	.924	.915	.906	.896	.885	.873	.860	.847
80	.945	.938	.930	.922	.913	.904	.894	.883	.870	.857	.843
81	.943	.936	.929	.921	.912	.902	.892	.880	.868	.854	.840
82	.942	.935	.927	.919	.910	.900	.889	.878	.865	.851	.836
83	.941	.934	.926	.917	.908	.898	.887	.875	.862	.848	.833
84	.940	.933	.925	.916	.907	.896	.885	.873	.860	.845	.830
85	.939	.932	.923	.915	.905	.894	.883	.871	.857	.843	.827
86	.938	.931	.922	.913	.903	.893	.881	.869	.855	.840	.824
87	.937	.930	.921	.912	.902	.891	.879	.867	.853	.837	.821
88	.936	.928	.920	.911	.900	.889	.878	.865	.850	.835	.818
89	.936	.928	.919	.909	.899	.888	.876	.863	.848	.833	.816
90	.935	.927	.918	.908	.898	.886	.874	.861	.846	.830	.813
91	.934	.926	.917	.907	.896	.885	.873	.859	.844	.828	.811
92	.933	.925	.916	.906	.895	.884	.871	.858	.843	.826	.809
93	.932	.924	.915	.905	.894	.883	.870	.856	.841	.824	.807
94	.932	.923	.914	.904	.893	.881	.869	.855	.839	.823	.805
95	.931	.923	.913	.903	.892	.880	.867	.853	.838	.821	.803
96	.931	.922	.913	.902	.891	.879	.866	.852	.836	.820	.801
97	.930	.921	.912	.902	.890	.878	.865	.851	.835	.818	.800
98	.930	.921	.911	.901	.890	.877	.864	.850	.834	.817	.798
99	.929	.920	.911	.900	.889	.877	.863	.849	.833	.815	.797

MORTALITY: 1983 GROUP ANNUITY MORTALITY TABLE - NO MARGINS
INTEREST: 7.5% PER YEAR TOWERS, PERRIN, FORSTER & CHOSBY

TABLE E

EARLY RETIREMENT FACTORS - EXCESS FORMULA

Applied to the Portion of the Pension Formula Calculated on Final Average Salary in Excess of the Social Security Wage Base

MONTHS PRIOR TO AGE 65	FACTOR	MONTHS PRIOR TO AGE 65	FACTOR	MONTHS PRIOR TO AGE 65	FACTOR	MONTHS PRIOR TO AGE 65	FACTOR	MONTHS PRIOR TO AGE 65	FACTOR
0 (65)	1.00000	48 (61)	0.73100	96 (57)	0.57700	144 (53)	0.42566	192 (49)	0.32511
1	0.99358	49	0.72775	97	0.57300	145	0.42315	193	0.32343
2	0.98717	50	0.72450	98	0.56900	146	0.42063	194	0.32176
3	0.98075	51	0.72125	99	0.56500	147	0.41812	195	0.32008
4	0.97433	52	0.71800	100	0.56100	148	0.41561	196	0.31841
5	0.96792	53	0.71475	101	0.55700	149	0.41309	197	0.31673
6	0.96150	54	0.71150	102	0.55300	150	0.41058	198	0.31506
7	0.95508	55	0.70825	103	0.54900	151	0.40807	199	0.31338
8	0.94867	56	0.70500	104	0.54500	152	0.40555	200	0.31170
9	0.94225	57	0.70175	105	0.54100	153	0.40304	201	0.31003
10	0.93583	58	0.69850	106	0.53700	154	0.40053	202	0.30835
11	0.92942	59	0.69525	107	0.53300	155	0.39801	203	0.30668
12 (64)	0.92300	60 (60)	0.69200	108 (56)	0.52900	156 (52)	0.39550	204 (48)	0.30500
13	0.91658	61	0.68883	109	0.52542	157	0.39299	205	0.30332
14	0.91016	62	0.68567	110	0.52183	158	0.39047	206	0.30165
15	0.90374	63	0.68250	111	0.51825	159	0.38796	207	0.29997
16	0.89732	64	0.67933	112	0.51467	160	0.38544	208	0.29830
17	0.89090	65	0.67617	113	0.51108	161	0.38293	209	0.29662
18	0.88448	66	0.67300	114	0.50750	162	0.38041	210	0.29495
19	0.87806	67	0.66983	115	0.50392	163	0.37790	211	0.29327
20	0.87164	68	0.66667	116	0.50033	164	0.37539	212	0.29159
21	0.86522	69	0.66350	117	0.49675	165	0.37287	213	0.28992
22	0.85880	70	0.66033	118	0.49317	166	0.37036	214	0.28824
23	0.85238	71	0.65717	119	0.48958	167	0.36784	215	0.28657
24 (63)	0.84600	72 (59)	0.65400	120 (55)	0.48600	168 (51)	0.36533	216 (47)	0.28489
25	0.83958	73	0.65075	121	0.48349	169	0.36365	217	0.28321
26	0.83316	74	0.64750	122	0.48097	170	0.36198	218	0.28154
27	0.82674	75	0.64425	123	0.47846	171	0.36030	219	0.27986
28	0.82032	76	0.64100	124	0.47594	172	0.35863	220	0.27819
29	0.81390	77	0.63775	125	0.47343	173	0.35695	221	0.27651
30	0.80748	78	0.63450	126	0.47091	174	0.35528	222	0.27484
31	0.80106	79	0.63125	127	0.46840	175	0.35360	223	0.27316
32	0.79464	80	0.62800	128	0.46589	176	0.35192	224	0.27148
33	0.78822	81	0.62475	129	0.46337	177	0.35025	225	0.26981
34	0.78180	82	0.62150	130	0.46086	178	0.34857	226	0.26813
35	0.77538	83	0.61825	131	0.45834	179	0.34690	227	0.26646
36 (62)	0.76900	84 (58)	0.61500	132 (54)	0.45583	180 (50)	0.34522	228 (46)	0.26478
37	0.76583	85	0.61183	133	0.45332	181	0.34354	229	0.26310
38	0.76266	86	0.60867	134	0.45080	182	0.34187	230	0.26143
39	0.75949	87	0.60550	135	0.44829	183	0.34019	231	0.25975
40	0.75632	88	0.60233	136	0.44577	184	0.33852	232	0.25808
41	0.75315	89	0.59917	137	0.44326	185	0.33684	233	0.25640
42	0.74998	90	0.59600	138	0.44074	186	0.33517	234	0.25473
43	0.74681	91	0.59283	139	0.43823	187	0.33349	235	0.25305
44	0.74364	92	0.58967	140	0.43572	188	0.33181	236	0.25137
45	0.74047	93	0.58650	141	0.43320	189	0.33014	237	0.24970
46	0.73730	94	0.58333	142	0.43069	190	0.32846	238	0.24802
47	0.73413	95	0.58017	143	0.42817	191	0.32679	239	0.24635
								240 (45)	0.24467

Exact Ages in ( ). Retirement Plan for Management Employees - January 1990

TABLE F
EARLY RETIREMENT DISCOUNT FACTORS
APPLIED TO THE EMPLOYEE'S ACCRUED PENSION AND SOCIAL SECURITY OFFSET FOR
RETIREMENTS PRIOR TO THE ATTAINMENT OF THE OPTIONAL RETIREMENT DATE

(MONTHS PRIOR IS THE NUMBER OF MONTHS BETWEEN AN EMPLOYEE'S RETIREMENT DATE
AFTER HIS SIXTY-SECOND BIRTHDAY AND THE THE DATE OF RETIREMENT)
(ALSO APPLIED IN CALCULATION OF SURVIVING SPOUSE BENEFIT)

MONTHS PRIOR	COLUMN I DISCOUNT FACTOR	COLUMN II DISCOUNT FACTOR	MONTHS PRIOR	COLUMN I DISCOUNT FACTOR	COLUMN II DISCOUNT FACTOR	MONTHS PRIOR	COLUMN I DISCOUNT FACTOR	COLUMN II DISCOUNT FACTOR	MONTHS PRIOR	COLUMN I DISCOUNT FACTOR	COLUMN II DISCOUNT FACTOR
1	0.99358	0.99000	52	0.93500	0.70700	103	0.52300	0.52300	154	0.39200	0.39200
2	0.99750	0.98000	53	0.93375	0.70300	104	0.52000	0.52000	155	0.39000	0.39000
3	0.99625	0.97000	54	0.93250	0.70000	105	0.51700	0.51700	156 (49)	0.38800	0.38800
4	0.99500	0.96000	55	0.93125	0.69700	106	0.51400	0.51400	157	0.38600	0.38600
5	0.99375	0.95000	56	0.03000	0.69300	107	0.51100	0.51100	158	0.38400	0.38400
6	0.99250	0.94000	57	0.92875	0.69000	108 (53)	0.50800	0.50800	159	0.38200	0.38200
7	0.99125	0.92900	58	0.92750	0.68700	109	0.50500	0.50500	160	0.38000	0.38000
8	0.99000	0.91900	59	0.92625	0.68300	110	0.50200	0.50200	161	0.37800	0.37800
9	0.98875	0.90900	60 (57)	0.92500	0.68000	111	0.49900	0.49900	162	0.37600	0.37600
10	0.98750	0.89900	61	0.92375	0.67600	112	0.49600	0.49600	163	0.37400	0.37400
11	0.98625	0.88900	62	0.92250	0.67100	113	0.49300	0.49300	164	0.37200	0.37200
12 (61)	0.98500	0.87900	63	0.92125	0.66700	114	0.49000	0.49000	165	0.37000	0.37000
13	0.98375	0.87200	64	0.92000	0.66300	115	0.48700	0.48700	166	0.36800	0.36800
14	0.98250	0.86600	65	0.91875	0.65800	116	0.48400	0.48400	167	0.36600	0.36600
15	0.98125	0.85900	66	0.91750	0.65400	117	0.48100	0.48100	168 (48)	0.36400	0.36400
16	0.98000	0.85300	67	0.91625	0.65000	118	0.47800	0.47800	169	0.36200	0.36200
17	0.97875	0.84600	68	0.91500	0.64500	119	0.47500	0.47500	170	0.36000	0.36000
18	0.97750	0.84000	69	0.91375	0.64100	120 (52)	0.47200	0.47200	171	0.35800	0.35800
19	0.97625	0.83300	70	0.91250	0.63700	121	0.46900	0.46900	172	0.35600	0.35600
20	0.97500	0.82600	71	0.91125	0.63200	122	0.46600	0.46600	173	0.35400	0.35400
21	0.97375	0.82000	72 (56)	0.91000	0.62800	123	0.46300	0.46300	174	0.35200	0.35200
22	0.97250	0.81300	73	0.90875	0.62400	124	0.46000	0.46000	175	0.35000	0.35000
23	0.97125	0.80600	74	0.90750	0.62000	125	0.45700	0.45700	176	0.34800	0.34800
24 (60)	0.97000	0.80000	75	0.90625	0.61600	126	0.45400	0.45400	177	0.34600	0.34600
25	0.96875	0.79700	76	0.90500	0.61200	127	0.45100	0.45100	178	0.34400	0.34400
26	0.96750	0.79300	77	0.90375	0.60800	128	0.44800	0.44800	179	0.34200	0.34200
27	0.96625	0.79000	78	0.90250	0.60400	129	0.44500	0.44500	180 (47)	0.34000	0.34000
28	0.96500	0.78600	79	0.90125	0.60000	130	0.44200	0.44200	181	0.33800	0.33800
29	0.96375	0.78300	80	0.90000	0.59600	131	0.43900	0.43900	182	0.33600	0.33600
30	0.96250	0.78000	81	0.89875	0.59200	132 (51)	0.43600	0.43600	183	0.33400	0.33400
31	0.96125	0.77600	82	0.89750	0.58800	133	0.43400	0.43400	184	0.33200	0.33200
32	0.96000	0.77300	83	0.89625	0.58400	134	0.43200	0.43200	185	0.33000	0.33000
33	0.95875	0.76900	84 (55)	0.89500	0.58000	135	0.43000	0.43000	186	0.32800	0.32800
34	0.95750	0.76600	85	0.57700	0.57700	136	0.42800	0.42800	187	0.32600	0.32600
35	0.95625	0.76200	86	0.57400	0.57400	137	0.42600	0.42600	188	0.32400	0.32400
36 (59)	0.95500	0.75900	87	0.57100	0.57100	138	0.42400	0.42400	189	0.32200	0.32200
37	0.95375	0.75600	88	0.56800	0.56800	139	0.42200	0.42200	190	0.32000	0.32000
38	0.95250	0.75300	89	0.56500	0.56500	140	0.42000	0.42000	191	0.31800	0.31800
39	0.95125	0.74900	90	0.56200	0.56200	141	0.41800	0.41800	192 (46)	0.31600	0.31600
40	0.95000	0.74600	91	0.55900	0.55900	142	0.41600	0.41600	193	0.31400	0.31400
41	0.94875	0.74300	92	0.55600	0.55600	143	0.41400	0.41400	194	0.31200	0.31200
42	0.94750	0.74000	93	0.55300	0.55300	144 (50)	0.41200	0.41200	195	0.31000	0.31000
43	0.94625	0.73600	94	0.55000	0.55000	145	0.41000	0.41000	196	0.30800	0.30800
44	0.94500	0.73300	95	0.54700	0.54700	146	0.40800	0.40800	197	0.30600	0.30600
45	0.94375	0.73000	96 (54)	0.54400	0.54400	147	0.40600	0.40600	198	0.30400	0.30400
46	0.94250	0.72700	97	0.54100	0.54100	148	0.40400	0.40400	199	0.30200	0.30200
47	0.94125	0.72300	98	0.53800	0.53800	149	0.40200	0.40200	200	0.30000	0.30000
48 (58)	0.94000	0.72000	99	0.53500	0.53500	150	0.40000	0.40000	201	0.29800	0.29800
49	0.93875	0.71700	100	0.53200	0.53200	151	0.39800	0.39800	202	0.29600	0.29600
50	0.93750	0.71300	101	0.52900	0.52900	152	0.39600	0.39600	203	0.29400	0.29400
51	0.93625	0.71000	102	0.52600	0.52600	153	0.39400	0.39400	204 (45)	0.29200	0.29200

Exact ages shown in parenthesis
Column I is applicable to Employee's Gross Pension. Column II is applicable to Employee's Social Security Offset

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.
Computation in Support of
Ratio of Earnings to Fixed Charges
Years 1990 to 1994
(Thousands of Dollars)

</CAPTION>

	1994	1993	1992	1991	1990
EARNINGS					
Net Income	$734,270	$658,522	$604,088	$566,910	$571,493
Federal Income Tax	374,500	270,800	252,600	209,900	225,600
Federal Income Tax Deferred	73,710	106,470	81,670	94,950	77,460
Investment Tax Credits Deferred	(9,620)	(12,260)	(13,800)	(13,800)	(13,800)
Total Earnings Before Federal Income Tax	1,172,860	1,023,532	924,558	857,960	860,753
Fixed Charges*	327,352	320,554	315,305	314,661	280,053
Total Earnings Before Federal Income Tax and Fixed Charges	$1,500,212	$1,344,086	$1,239,863	$1,172,621	$1,140,806
*FIXED CHARGES					
Interest on Long-Term Debt	$277,684	$272,781	$270,468	$269,420	$234,058
Amortization of Debt Discount, Premium and Expenses	11,376	8,975	3,974	1,941	1,627
Interest Component of Rentals	18,439	19,077	19,175	20,778	22,340
Other Interest	19,853	19,721	21,688	22,522	22,028
Total Fixed Charges	$327,352	$320,554	$315,305	$314,661	$280,053
Ratio of Earnings to Fixed Charges	4.58	4.19	3.93	3.73	4.07

Consent of Independent Accountants

We hereby consent to the incorporation by reference of our report dated February 28, 1995, appearing on page 70 of this Annual Report on Form 10-K in (i) the Prospectus constituting part of the Registration Statement on Form S-8 (No. 33-15725) relating to The Consolidated Edison Discount Stock Purchase Plan, (ii) the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-62266) relating to $665 million principal amount of the Company's unsecured debt securities, and (iii) the Prospectus constituting part of the Registration Statement on Form S-3 (No. 33-51157) relating to the Company's Automatic Dividend Reinvestment and Cash Payment Plan.

PRICE WATERHOUSE LLP

Price Waterhouse LLP
New York, New York
March 28, 1995

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

NOW, THEREFORE,

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, does hereby constitute and appoint Raymond J. McCann, T. Bowring Woodbury, II and Travis F. Epes, and each of them severally, his or her true and lawful attorneys-in-fact, with power to act with or without the others and with full power of substitution and resubstitution, to execute in his or her name, place and stead, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, said Annual Report on Form 10-K, and any and all amendments thereto, and all instruments necessary or incidental in connection therewith, and to file or cause to be filed the same, with all exhibits thereto and other documents having relation thereto, with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform, in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and confirming all that said attorneys-in-fact or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 29th day of March, 1995.

EUGENE R. MCGRATH

EUGENE R. MCGRATH

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 24th day of March, 1995.

RAYMOND J. MCCANN

RAYMOND J. MCCANN

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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whatsoever necessary or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and confirming all that said attorneys-in-fact or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 27th day of March, 1995.

JOAN S. FREILICH

JOAN S. FREILICH

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 21st day of March, 1995.

E. VIRGIL CONWAY

E. VIRGIL CONWAY

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 17th day of March, 1995.

GORDON J. DAVIS

GORDON J. DAVIS

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 28th day of March, 1995.

RUTH M. DAVIS

RUTH M. DAVIS

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 24th day of March, 1995.

ELLEN V. FUTTER

ELLEN V. FUTTER

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 17th day of March, 1995.

ARTHUR HAUSPURG

ARTHUR HAUSPURG

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 21st day of March, 1995.

SALLY HERNANDEZ-PINERO

SALLY HERNANDEZ-PINERO

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 19th day of March, 1995.

PETER W. LIKINS

PETER W. LIKINS

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument

this 20th day of March, 1995.

FREDERICK P. ROSE

FREDERICK P. ROSE

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 23rd day of March, 1995.

DONALD K. ROSS

DONALD K. ROSS

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for

the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 28th day of March, 1995.

ROBERT G. SCHWARTZ

ROBERT G. SCHWARTZ

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

NOW, THEREFORE,

KNOW ALL PERSONS BY THESE PRESENTS that the undersigned, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, does hereby constitute and appoint Raymond J. McCann, T. Bowring Woodbury, II and Travis F. Epes, and each of them severally, his or her true and lawful attorneys-in-fact, with power to act with or without the others and with full power of substitution and resubstitution, to execute in his or her name, place and stead, in his or her capacity as a Trustee or Officer or both, as the case may be, of the Company, said Annual Report on Form 10-K, and any and all amendments thereto, and all

instruments necessary or incidental in connection therewith, and to file or cause to be filed the same, with all exhibits thereto and other documents having relation thereto, with the Securities and Exchange Commission. Each of said attorneys shall have full power and authority to do and perform, in the name and on behalf of the undersigned, in any and all capacities, every act whatsoever necessary or desirable to be done in the premises, as fully to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and confirming all that said attorneys-in-fact or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument this 16th day of March, 1995.

RICHARD A. VOELL

RICHARD A. VOELL

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.

POWER OF ATTORNEY

WHEREAS Consolidated Edison Company of New York, Inc., a New York corporation (the "Company"), intends to file with the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended (the "Act"), its Annual Report on Form 10-K for the fiscal year ended December 31, 1994 with any and all exhibits and other documents having relation thereto, as prescribed by the Securities and Exchange Commission pursuant to the Act and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

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IN WITNESS WHEREOF, the undersigned has executed this instrument this 15th day of March, 1995.

MYLES V. WHALEN, JR.

MYLES V. WHALEN, JR.

<ARTICLE>	UT
<LEGEND>	THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED BALANCE SHEET, STATEMENT OF CAPITALIZATION, INCOME STATEMENT, RETAINED EARNINGS STATEMENT AND STATEMENT OF CASH FLOWS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND THE NOTES THERETO
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